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Belgium 52 B Fr Jordan ..... 750 Fils Rep. of Ireland .80 P.
Cyprus ... 0.8 0.90 Kenya ..... Shs. 35 Saudi Arabia .7.00 R.
Denmark 11.00 D.Kr. Kuwait ..... 500 Fils Spain ..... 150 Ptas.
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Older Jets Are to Be Modified

Changes Ordered On 115 Boeings By U.S. Agency

By Laura Parker
Washington Post Service

WASHINGTON — The Federal Aviation Administration on Thursday scrapped its long-practiced method of monitoring the safety of aging airliners and ordered extensive modifications to older Boeing planes.

The order affects 115 Boeing 727s, 737s and 747s operated by U.S. airlines. The modifications will cost $142 million.

Although foreign airlines flying the planes are not required to comply, they generally follow U.S. safety directives.

"The action marks a fundamental change in FAA's philosophy for maintaining the airworthiness of older aircraft," the agency said.

The directives were spurred by an Aloha Airlines accident last spring in which the top third of an older Boeing 737 peeled away in flight. A flight attendant died and 61 passengers were injured, but the aircraft landed safely.

After investigators found that the plane's fuselage had worn out, a series of regular inspections were ordered on all aging airliners.

In issuing the order, the FAA abandoned its practice of requiring repetitive inspections of aircraft structures for cracking, corrosion and other signs of metal fatigue.

"What we are clearly doing is setting a life limit on individual parts that we believe are critical structural elements," said Anthony Broderick, an FAA official. "The goal is to get ahead of the development of cracks rather than try and catch up with the growth of them."

Because of the extensive nature of the order, the FAA has given the airlines four years to complete the work. The directive combines 161 separate modifications to the wings, body and tail required for the three aircraft models.

For example, the 727 changes involve 74 modifications, including 45 to the fuselage, 12 to the wings, eight to the doors, seven to the tail assembly, one to the landing gear and one to the engine strut.

One requirement for 747s calls for a major modification of the fuselage shell structure from the

See BOEING, Page 5

Edward Nachmek/Reuters

Mikhail S. Gorbachev waving goodbye at the airport in Beijing before boarding his jet for Shanghai with his wife, Raisa, on Thursday.

Li Warns of Collapse Of Control in Beijing But Protests Go On

By Nicholas D. Kristof
New York Times Service

BEIJING — Prime Minister Li Peng warned Thursday that local government in the Chinese capital had effectively collapsed and that chaos in Beijing was spreading throughout the nation, but his demand for restraint was ignored by half a million people who demonstrated once more for greater democracy.

In an effort to defuse the situation, the government gave in to a major demand of the students by arranging a nationally televised meeting between Mr. Li and leaders of the student democracy movement. However, Mr. Li refused to discuss issues raised by the students and he hinted at a crackdown if the disorder continues.

"In the last few days, Beijing has fallen into a kind of anarchy," Mr. Li declared angrily. "I hope you will think it over. What will result from the situation? China's government is responsible to the people. We will not sit idly by, doing nothing. We have to safeguard people's property and our students' lives. We have to safeguard our factories. We have to defend our socialist system."

Student leaders complained about Mr. Li's sometimes harsh tone, and the 3,000 hunger strikers who Thursday marked the fifth day of their fast vowed to continue. They said that the talks with Mr. Li were not a real dialogue, because he did not discuss substantive issues, and that he did not meet their other demand, for a positive reappraisal of the student movement.

As the standoff continued in the capital, tens of thousands of people took to the streets of Shanghai to demand more democracy and show support for the hunger strikers. The demonstration, which coincided with a visit to the city by the Soviet leader, Mikhail S. Gorbachev, was the largest outside Beijing so far and took on special significance because of its location in the nation's economic capital.

In Beijing, the crowds numbered about 500,000, an enormous number but only half of the 1 million who took over the center of the capital on Wednesday. Not dwindling enthusiasm but unpleasant weather seemed responsible for the smaller turnout, for many of the workers who marched Thursday seemed better organized and more aggressive than a day earlier.

There were some formal strikes and work at many other factories and offices seemed to cease completely as workers devoted their energy to writing imaginative slogans for banners and marching in the streets around Tiananmen Square.

"Most people didn't do any work today," said a graying worker of Beijing's No. 2 Chemical Factory. "You can call it a strike, and it will continue until the government responds to our demands. We're terribly angry, because the government won't agree to a meaningful

See CHINA, Page 5

New Era Declared As China Visit Ends

Compiled by Our Staff From Dispatches

SHANGHAI — Mikhail S. Gorbachev, the Soviet leader, completed a four-day trip to China on Thursday with the signing of a communiqué between the two countries declaring a new era of goodwill after three decades of estrangement.

Mr. Gorbachev ended his visit much as he began it: upstaged by

Major items in the 18-point China-Soviet communiqué. Page 5.
Soviet TV scarcely mentioned Beijing demonstrations. Page 4.

Chinese students demonstrating for democracy. Their protests overshadowed Mr. Gorbachev's tour of Shanghai, the port city where the Chinese Communist Party was founded 68 years ago.

As during his three days in Beijing, huge protests in Shangai forced alterations in Mr. Gorbachev's schedule, with planned stops in the heart of the city canceled because of the demonstrators.

More than 100,000 people poured into the city center banging drums, blowing whistles and shouting slogans calling for democracy and freedom.

"We are saying what we have been waiting to say for 40 years," proclaimed a banner held aloft by a group of parading college students.

Shanghai Radio said that about 450 students were in the third day of a hunger strike; about 3,000 students in Beijing were fasting in Tiananmen Square.

The demonstration, the biggest in Shanghai since the Cultural Revolution of the 1960s, was called a "patriotic movement" by the local television.

In the communiqué, the Soviet Union and China announced the restoration of contacts between their Communist parties and the elevation of talks on longstanding border disputes to the foreign minister level.

They pledged "to take measures to cut down the military forces in the areas along the Sino-Soviet boundary to a minimum level commensurate with the normal, good-neighborly relations between the two countries."

But the communiqué, published by the official Xinhua news agency, restated the two nations' differences over Cambodia, where Soviet-backed Vietnamese forces deposed the Chinese-supported Khmer Rouge government in 1979.

The scale of Soviet forces on the Asian land border was one of three obstacles that the Chinese had said blocked normal relations. The others were the Soviet troop presence in Afghanistan, which ended in February, and Moscow's support for the presence of Vietnamese troops in Cambodia.

The joint statement, issued when Mr. Gorbachev left Shanghai for Moscow, said that his meetings with Deng Xiaoping, the senior Chinese leader, and other top Chinese officials symbolized "the normalization of relations between the two countries."

China and the Soviet Union fell out 30 years ago over who should lead the Communist world.

Mr. Gorbachev's visit, which both sides described as historic, took place in the shadow of the huge pro-democracy upheaval in Beijing, in which up to a million protesters took over the streets.

The official Soviet press agency

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China's Turbulence Mirrors a New Global Pattern

By Jim Hoagland
Washington Post Service

BEIJING — In 1949, Mao Zedong celebrated the victory of the Communist revolution here by declaring in Tiananmen Square that the Chinese people had stood up.

On Thursday, the Chinese sat down, in their Toyotas, Nissans, flat-bed trucks and city buses, and drove to Tiananmen Square to call for the ouster of Mao's heirs.

The parade of vehicles — and their economically privileged owners — was seen on hundreds of millions of television sets across China, as was a film of sympathetic interviews with students calling for radical change.

For all its unique and ancient Chinese characteristics, China's amazing peaceful uprising is part of a global phenomenon of protest spreading and intensifying once it intersects with modern transport, technology and media.

China's leader, Deng Xiaoping, risks the same fate now as Ferdinand E. Marcos of the Philippines and the late Mohammed Reza Pahlavi, the shah of Iran, and for some of the same reasons.

Moreover, China's political turmoil has direct links to the upheaval in the Soviet Union's restive republics. In both cases, the central government has acknowledged the economic failure of communism and promised radical change and decentralization.

Added to this is the international trend toward less reliance on force as a way of resolve problems, which presumably will make it harder on governments to use force against their own people.

Except for a handful of their number who openly joined the protests Thursday, police and troops were absent from the Beijing protest area again. Students took over traffic duty at Tiananmen Square as the uprising went mobile.

The small middle-class created by a decade of market-oriented economic changes joined the protest by jamming the city's center with private automobiles, hired taxis and a few official limousines, decked with banners or placards calling for democratic government.

Stretching in a line behind them two miles, or more than three kilometers, long came municipal buses, dump trucks, hotel minivans and other commercial vehicles commandeered by workers who also thought it important to drive through Tiananmen Square to see and to be seen as the mass protest generated last weekend by a few thousand students gained new respectability.

The line included government cars and trucks driven by officials eager to show their lack of faith in their employer. At one intersection clogged by bicycles, pedestrians and vehicles sat an official Red Flag limousine, the bulky Chinese sedan used only by VIPs, a cardboard banner with patriotic slogans tied to the bumper. The driver said he had come to show support for the students because China had a feudalistic government that must be changed.

A cement mixer with political slogans painted on its side chugged by. Construction workers from the Second Industrial Chemical Plant, wearing bright yellow hard-hats, waved red flags and banners from the back of an open truck and

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Sadayuki Mikami/The Associated Press

Beijing police taking a break Thursday on the steps of the Great Hall of the People as the standoff with protesters continued in Tiananmen Square.

Kiosk

Poles Attack Soviet Mission

KRAKOW, Poland (UPI) — More than 1,000 young people shouting "Soviets go home!" and "Down with Communists!" tried to storm the Soviet Consulate and battled police with stones on Thursday in the third day of anti-Soviet protests.

The police used tear gas, water cannon and batons to try to disperse the crowd, which was protesting the presence of Soviet troops in Poland, witnesses and the Polish press agency PAP said.

Reuters

Secretary of State James Baker listens as the OAS adopts a resolution condemning "abuses" by General Manuel Antonio Noriega of Panama. Page 2.

General News

Airlines in Britain were alerted after a bomb was found in a candy container. Page 2.

Business/Finance

The dollar rose further after the West German central bank rejected market pressures to raise interest rates. Page 13.

Crossword Page 10.
Weather Page 2.

Dow Close
Up 7.69

The Dollar In New York

DM	1.968
Pound	1.618
Yen	138.70
FF	6.6615

Mitterrand Rejects Early Short-Range Arms Talks

By Joseph Fitchett
International Herald Tribune

PARIS — President François Mitterrand said Thursday that the West should test Soviet military intentions in Europe before cutting short-range nuclear weapons in NATO nations or deciding to deploy new ones.

In urging a pause in decisions on nuclear arms in Europe, Mr. Mitterrand rejected West Germany's calls for the United States to start negotiating soon with the Soviet Union on short-range nuclear arms, including Lance missiles and nuclear artillery.

"This is not the time for a another zero option, far from it," Mr. Mitterrand said, implicitly backing U.S. and British objections to new negotiations that might eliminate the remaining ground-based nuclear weapons in Europe.

It was the first time that France has officially commented on the dispute in the North Atlantic Treaty Organization, which does not directly concern its own nuclear forces.

Bonn was reportedly seeking compromise with Washington on short-range missiles. Page 4.

An aide said Mr. Mitterrand's views, expressed at a news conference in which he outlined foreign policy in his second presidential term, would be amplified when he meets with President George Bush this weekend in Kennebunkport, Maine.

The French position apparently undermines recent West German statements that NATO is split between Anglo-Saxon nuclear hawks and the Continental members of the alliance that have adopted more accommodating views about Soviet intentions.

Mr. Mitterrand, aware of the domestic political pressures on the center-right government of Chancellor Helmut Kohl, did not specifically rule out eventual negotiations on the short-range weapons.

West Germans, the aide to Mr. Mitterrand said, find it "unbearable to hear that there can be negotiations about every kind of nuclear weapon except the ones left on German territory."

NATO, the spokesman said, needed to act sensitively to avoid a political split that Mikhail S. Gorbachev, the Soviet leader, could exploit during his visit to West Germany next month.

To ease deadlock at the NATO summit meeting that he will attend at the end of May, Mr. Mitterrand said leaders should make conventional disarmament their priority.

Mr. Mitterrand avoided any direct criticism of the security policies of Mr. Kohl's government. He said that Paris backed Bonn in wanting to postpone any decision about nuclear modernization until 1992, when the aged Lance missiles will need to be replaced.

That delay has been unofficially accepted by the Bush administration. Mr. Mitterrand apparently sought to reassure West Germans that France was sensitive to their views on nuclear weapons.

But Mr. Mitterrand diverged from the West German opposition parties in repeating that he was "in principle one of those who believe that the time has not come for a third-zero option," as sought by the left in Bonn. The first two "zero options" involved the elimination of missiles under the Intermediate-range Nuclear Forces Treaty last year.

The French president emphasized that he wanted to see big, concrete cuts in the Soviet military advantage in conventional forces in Europe. Until then, he said, the West must "retain nuclear deter-

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Lithuania and Estonia Renew Their Defiance

By Esther B. Fein
New York Times Service

MOSCOW — The Soviet Baltic republic of Lithuania adopted a declaration of sovereignty Thursday and granted itself the right to veto Soviet laws.

And in another show of defiance, the Estonian legislature unanimously approved an economic plan that seizes full control of the republic's economy from Moscow, permits private ownership of land and gives foreigners the right to own property in the republic.

The Lithuanian declaration of sovereignty, which was adopted overwhelmingly by the republic's Supreme Soviet, or legislature, does not change the status of the republic. But it indicates in strong and unequivocal terms that Lithuanian legislators consider the republic's annexation by the Soviet Union in 1940 to be illegal.

The declaration was approved by a vote of 291 to 8, and the legislature also unanimously approved a constitutional amendment granting Lithuania the right to veto laws passed in Moscow and to control migration to the republic.

Estonia, which has led Lithuania and Latvia in the Baltic challenge, had a bitter confrontation with Moscow when its legislature issued a sovereignty declaration in November and asserted that the republic had the right to reject Soviet laws.

The Kremlin condemned that Estonian vote as "unconstitutional." While the Estonian legislature has never tested its self-declared authority, it continues to reaffirm its right to do so.

"The declaration was a statement by our legislature that the fight for independence is not just something on paper," said Arumas Zebriunas, a Lithuanian filmmaker and a member of the new Soviet legislature in Moscow. "It is the moral objective of all our leaders."

After Estonia granted itself veto power over Kremlin laws, the Lithuanian and Latvian legislatures came under considerable pressure from Moscow and held back from similar moves.

People contacted in Lithuania said Thursday that the authorities in the republic had lost public confidence after they failed to follow Estonia's example. Many of those who earlier voted against the amendment were beaten in elections to the new Soviet legislature.

"It was a serious political mistake," said Adolfos Uze, a member of the Lithuanian popular front movement, Sajudis. "The people were angry and the leaders realized they were guilty and had to live up to the people's aspirations."

"There is no alternative," the Estonian prime minister, Indrek Toome, said to his legislature Thursday as it adopted the economic plan. "We want to be sovereign," Mr. Toome said, "to direct our economy ourselves and to have mutually beneficial economic relations with other republics and with foreign countries."

In 'Miami Vice,' Miamians Found Hidden Virtues

By Jeffrey Schmalz
New York Times Service

MIAMI — It's merely a television show. Yet, when the last episode of "Miami Vice" is broadcast in the United States Sunday night, an important chapter in this city's life will close.

The end of the series, which ran five seasons, has been marked with parties and an auction of its props.

But most important, it has been marked by reflection on just how much one television show — and a fictional cops-and-robbers one, at that — came to influence the perception that this city has of itself and that many elsewhere have, too.

"The show that redefined Miami's image," The Miami Herald called it in what many Floridians would not view as hyperbole.

From its start, in September 1984, the hourlong NBC show reaffirmed and exaggerated what was already in the news pages about Miami: crime and drugs.

The world portrayed on "Miami Vice" was a world of cocaine cowboys and marijuana millionaires killing one another and being killed by two police detectives who wore expensive loafers (without socks) and chic European designer suits that no honest real detective could afford.

But the show also sent out to more than 19 million homes around the country what was not in the newspapers: that Miami was a city of suntanned youth, not retired elderly people; that it was a city with a distinctive slick architectural style and sexy subtropical beauty.

As life imitated television, many here believe, Miami began to change, as if to live up to the screen's distilled image of it, an image that was conveyed by camera work of a rock-video style with background music to match.

Suddenly, the pastel T-shirts favored by the show's characters, in particular Sonny Crockett, played by Don Johnson, were *de rigueur* at cocktail parties.

And as the show featured Art Deco buildings painted in pastel pinks, greens and blues — in effect consecrating that as the official Miami look — more and more Miami buildings took on those hues.

The show's cameras repeatedly focused on South Beach, then a somewhat seedy enclave at the southern tip of Miami Beach's Art Deco area, and preservationists credit "Miami Vice" with stirring interest in the area and speeding its gentrification.

So chic and trendy are the clubs and the outdoor cafes of this new South Beach that it has taken on an acronym, SoBe (pronounced SO-bee).

"When we got there, the Art Deco district was somewhat threadbare," said Anthony Yerkovich, who came up with the concept of the show. "Now, it's up to its Ray Bans in espresso."

Although some city officials were at first upset at the title "Miami Vice," arguing that it put the city in a bad light, the name was later not merely accepted but also mimicked everywhere.

Now there are Miami Mice (an exterminator), Miami Twice (a secondhand-clothing store), Miami Spice (a seasonings

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Arafat Offers to Name Slate Of Palestinians in Territories

By Patrick E. Tyler
Washington Post Service

TUNIS — The Palestine Liberation Organization chairman, Yasser Arafat, has said he would be willing to name a group of Palestinians living in the occupied territories to a provisional government if that would help break the political deadlock in Israel over negotiating directly with the PLO.

Mr. Arafat made the offer in explaining the long delay in forming such a provisional Palestinian government in the wake of Jordan's decision last summer to withdraw its claim of sovereignty over the Israeli-occupied West Bank and end its political and economic support of the 850,000 Palestinians living there. PLO officials had debated naming a government at that time, and again after their declaration of independence and Palestinian statehood Nov. 15.

"I don't want to burn this card," Mr. Arafat said in an interview. "If they say no to the PLO," he said of the Israelis, "maybe they will accept this provisional government to facilitate some steps" toward reaching a settlement for the 1.7 million Palestinians in the West Bank and Gaza Strip, now in the 18th month of their uprising against Israeli occupation.

The Israeli government of Prime Minister Yitzhak Shamir, which has just begun a campaign to hold elections for limited Palestinian self-rule in the West Bank and Gaza, is not likely to consider opening a dialogue with any Arafat-appointed slate of Palestinian ministers, since such an act would amount to recognition of a Palestinian state, PLO officials acknowledged.

At the same time, however, PLO officials are known to regard a provisional government as a potentially critical vehicle for opening negotiations with Israel. In one often-formulated negotiating scenario, elections in the occupied territories could produce a new slate of Palestinian representatives whom Mr. Arafat could name to a provisional Palestinian government.

These representatives could then open "confidence-building" negotiations with Israel in the name of the PLO on internal issues of security and economic cooperation. Such preliminary talks could lead to negotiations on the final status of Palestinian independence in a state confederated with Jordan, according to a Palestinian scenario.

For the moment, Mr. Arafat said, it is not possible to name a provisional government because that would endanger the security of Palestinians living in the occupied territories whose leadership must be recognized by the PLO.

"We need assurances for their personal safety," he said, adding, "Maybe the provisional government may be the way out for a political settlement in the Middle East."

In the meantime, Mr. Arafat indicated that he will not consider making a counteroffer to the election plan approved Sunday by the Israeli cabinet until there is a clear indication that the PLO will be part of the process.

Speaking angrily at times about the election plan, which does not mention the PLO but contemplates important roles for Jordan and Egypt, Mr. Arafat dismissed the proposal and its proponents, saying with a wave of his arm, "Let them go to hell, they are not dealing with me, they are not dealing with my people."

Later in the interview, Mr. Arafat expressed confidence that the PLO could face down the Israeli election plan on the strength of PLO support from the leadership of the uprising and from the 104 world governments that have recognized the concept of a Palestinian state.

Last month, the PLO's executive committee named Mr. Arafat president of the declared state.

"Nothing will happen without our approval," he said.

Diplomatic sources in Tunis said the U.S.-PLO dialogue that began in December was stalled for now because the PLO has failed to respond to the Israeli proposal, which was transmitted to PLO officials on April 17 by Robert B. Pelletreau Jr., the U.S. ambassador in Tunis, after a visit by Mr. Shamir to Washington.

"The ball is really in their court," a Western diplomat said. "The Americans want to see more from the PLO on Shamir's ideas."

But a senior PLO official involved in the dialogue disagreed with the American assessment, saying the PLO had received nothing that could be called an Israeli election plan other than the U.S. notification that Israel intended to hold elections and that Washington considered it a good idea.

"They have not presented us with anything that is serious," asserted a PLO official involved in the dialogue. He added that much of the U.S. presentation on the Shamir plan was a recitation of American questions to Israeli leaders on how the election would work.

Western officials suggested that Mr. Arafat's reluctance to engage the Shamir plan at this moment stemmed in part from PLO hopes that U.S. officials would succeed in their consultations with Israelis to improve the election offer on key points like international supervision, Israeli troop withdrawal and guarantees for a final settlement.

There also are some senior voices in Mr. Arafat's mainstream PLO Fatah faction who feel he has offered too many concessions to Israel and the United States with little to show for it, PLO sources said.

The Western diplomat predicted that the PLO would have to engage the election proposal eventually.

He said he felt that PLO officials did not understand that "the elections are magic for the Americans" because "the credibility, legitimacy and political dynamic that comes out of elections is just magic."

During the interview, Mr. Arafat refused to discuss election compromise ideas to which Palestinian leaders have given some credence in recent weeks, and which were presented to the PLO by Mr. Pelletreau last month.

"I am not a spokesman for the Jordanian government," Mr. Arafat said, mocking those aspects of the Shamir plan that eliminate Palestinian representatives from negotiations on a Palestinian solution.

"Let them talk to me as they talk to the others," he said. "They have to respect us."

Arens Sees Exodus of Soviet Jews

By Paul Lewis
New York Times Service

NEW YORK — Foreign Minister Moshe Arens of Israel says he expects "a majority" of the 1.5 million to 3 million Soviet Jews to leave the Soviet Union in the next few years.

Mr. Arens said he based his expectation on assurances by the Soviet foreign minister, Eduard A. Shevardnadze, that all remaining barriers to Jewish emigration would be lifted. He said the United States had told him that the assurances were given to Secretary of State James A. Baker 3d on his visit to Moscow last week.

In an interview in New York, Mr. Arens also expressed hope that Soviet Jews who decided to leave would choose to settle in Israel. But he acknowledged that less than 10 percent of the 4,000 to 5,000 Jews leaving the Soviet Union each month go to Israel, with most preferring to go to the United States.

Mr. Arens said that Moscow's apparent willingness to let Jews leave met one of two conditions set by Israel and the United States for a larger Soviet role in Middle East peace efforts. But he criticized the Soviet Union for failing to fulfill the other condition, recognition of Israel, and said Moscow appeared "very hesitent to do this."

The Israeli minister said the Soviet Union could play a useful role in the Middle East by "encouraging Syria to enter into negotiations with Israel for a settlement." He said that Moscow had "a comparative advantage here" and that he had explained the Israeli view to Mr. Shevardnadze when they met in Cairo in February.

In a sharp change of the U.S. position, the Bush administration has said that Moscow could play a useful role in furthering a Middle East settlement, notably by insuring that Syria does not wreck any negotiation and by encouraging the Palestine Liberation Organization to take part seriously in the peace effort, U.S. diplomats say.

Mr. Arens took an unyielding line toward the PLO over his government's new election offer to Palestinians in the Israeli-occupied territories. He accused the organization of trying to "scuttle" the Israeli plan and said the PLO had no role to play in the initiative.

Palestinians in the territories, Mr. Arens said, should recognize that it is "in their own interest" to accept the plan and elect a representative body that will negotiate a settlement with Israel.

Avi Ochayon/The Associated Press

WEST BANK CRACKDOWN — Bound and blindfolded Palestinians were guarded by Israeli troops in the occupied West Bank after the army raided the village of Surif. The raids were resumed as part of a new crackdown on the 17-month-old Palestinian uprising in the occupied territories.

U.K. Alerts Airlines on Candy Bomb

By Barry James
International Herald Tribune

An expert on terrorism, reacting to a British government announcement that a bomb had been found concealed in a container of candy, said Thursday that the development was a further indication that nothing taken aboard an aircraft could be considered safe any longer.

The Transport Ministry in Britain announced that Semtex, a powerful plastic explosive, had been found packed into a can of halvah, a sweet paste made from sesame seeds. The Halawi brand of the candy, in which the bomb was found, is widely on sale in the Middle East.

The terrorism expert, Paul Wilkinson, said in an interview that there were "endless ways" in which the explosive could be disguised. "Because it is odorless and so easy to shape," he said, "it is virtually impossible for the present security systems we have at airports to discover it."

The British Transport Ministry's aviation security division said it had advised airlines and security officials at British airports earlier this week that bombs hidden in containers of the candy might be brought into the country from the Middle East "and then used to attack civil aviation."

The Transport Ministry declined to give any details of how or where the candy container and explosive was discovered, and indicated that it did not have the can in its possession.

"We hope to obtain photographs of the device for circulation to airports and airlines in due course," the warning said.

Security officials declined to discuss the measures they have taken in response to the warning. At Heathrow Airport in London, policemen armed with submachine guns patrolled the terminals Thursday, and security people employed by U.S. airlines asked passengers detailed questions about their baggage.

Mr. Wilkinson, a professor at Aberdeen University in Scotland and security adviser to the International Foundation of Airline Passengers Associations, described Semtex as "an ideal terrorist-friendly explosive."

"You can do anything you like with it, and it is not dangerous in its original form," he said. "It is only when you insert a detonator that it becomes explosive."

The Daily Express of London, which first reported the existence of the warning, said information about the candy containers had come from "an internationally organized security operation coordinated in Europe."

The newspaper said that intelligence officials suspect that bombs concealed in candy containers have been devised by the same group that carried out the bombing in December of a Pan American World Airways 747 over Scotland. The group has been identified in several reports as the Popular Front for the Liberation of Palestine-General Command.

Investigators said they believed that Semtex, an explosive manufactured in Czechoslovakia, was used in the bomb built into a radio-cassette player that destroyed the plane, with the loss of 270 lives.

The British warning said that the paste candy closely resembled Semtex in both color and texture. It said that bombs were likely to be packed into cans into cans eight inches (20 centimeters) in diameter and six inches in depth.

Mr. Wilkinson said Semtex was impossible to detect either by X-ray machines or by sniffer dogs. He added that until instruments capable of detecting the explosive were introduced at all international airports — something that is not likely to happen soon — the only defense was to make sure existing security standards are adequately applied.

"These procedures are simply not being implemented at a high enough standard at many airports," he said.

WORLD BRIEFS

Japan Police Interrogate Legislators

TOKYO (AP) — Prosecutors searched the homes and offices Thursday and questioned two legislators suspected of taking bribes in an influence-peddling affair that has generated a national leadership crisis. Officials of the governing and opposition parties agreed to summon former Prime Minister Yasuhiro Nakasone to testify under oath in parliament next Wednesday about his links to the scandal.

The opposition has been boycotting lower house sessions to demand testimony by Mr. Nakasone, who was prime minister at the time the stock trading occurred.

Last month, Prime Minister Noboru Takeshita announced he would step down over the affair. Thirteen persons have been arrested on corruption charges linked to Recruit Co., which allegedly offered cash and discounted shares in its property subsidiary to legislators. Prosecutors searched offices and residences of the two legislators, Takao Fujinami, 56, and Katsuya Ikeda, 51. On Wednesday, they became the first elected officials to be interrogated as suspects in the scandal, and they were summoned for further questioning Thursday.

New Yugoslav Leader Acts in Dispute

BELGRADE (Reuters) — Yugoslavia's new Communist Party leader, Milan Pancevski, sought on Thursday to calm ethnic disputes that occurred at the meeting where he assumed his post.

Stanko Radmilovic, a member of the Politburo from Vojvodina Province, accused leaders in the republic of Slovenia of tolerating secessionist trends. The Slovenian leader, Milan Kucan, agreeing that Yugoslavia needed to set its house in order, responded: "All the tenants must agree on this. It would not be good to create order in such a way that some person dumps his garbage in my bedroom or kitchen."

Mr. Pancevski, 54, took over Wednesday as party chief in place of Stipe Suvar, who resigned to take a seat in the country's collective state presidency.

Soviets Leave Open Arming Managua

MOSCOW (Reuters) — The Soviet Union said Thursday that it had not supplied arms to Nicaragua for some time, but that this did not represent a firm decision to end shipments permanently.

Jan Burlyai, deputy head of the Foreign Ministry's Latin American department, dismissed suggestions by U.S. officials that Moscow had already made such a decision. "I would not like to speak about any specific decision by the Soviet Union," Mr. Burlyai said at a news conference. "We only describe the fact that there have been no supplies of arms to Nicaragua for a certain period of time."

U.S. officials said in Washington this week that the Soviet leader, Mikhail S. Gorbachev, had pledged in a message that Moscow stopped its arms supplies to Managua as of the end of last year. They said the pledge was repeated to Secretary of State James A. Baker 3d during his visit to Moscow last week. But some officials who saw the message found the wording ambiguous.

Bonn Fears Reprisals for Hammadi

FRANKFURT (AP) — West Germany has warned its diplomats abroad to be on the alert for possible retaliation after Mohammed Ali Hammadi received a life prison sentence for his role in a 1985 hijacking; a Foreign Ministry spokesman said Thursday. The mass-circulation newspaper Bild said West German security authorities were on the lookout for possible terrorist action at home following the Lebanese terrorist's conviction the day before.

A Frankfurt court on Wednesday convicted Mr. Hammadi of murder, air piracy and other charges in connection with the hijacking of TWA Flight 847, during which a U.S. Navy diver, Robert Dean Stethem, was shot to death.

Asked about two West German relief workers believed to have been kidnapped in Beirut a day before Mr. Hammadi was sentenced, a spokesman said the Foreign Ministry has no information on who may have abducted them.

Bush Pledges to Oppose Apartheid

WASHINGTON (AP) — President George Bush, emphasizing his "abhorrence of apartheid," Thursday pledged U.S. pressure to bring about "justice and equality" in South Africa, his spokesman said.

The president, after meeting with Desmond M. Tutu, the Anglican archbishop of southern Africa and Nobel Peace Prize laureate, invited Albertina Sisulu to visit the United States, the White House spokesman said. Mrs. Sisulu is one of the leaders of the United Democatic Front, the largest South African nonparliamentary opposition. Her husband, Walter, was sentenced along with Nelson Mandela in 1964 to life imprisonment for sabotage.

"The president shares the archbishop's abhorrence of apartheid," the spokesman, Marlin Fitzwater, said. "The president promised to stress his opposition in every way possible. The administration will be looking at ways to best use American pressure, influence and leverage to bring about justice and equality to South Africa."

For the Record

David S. Ruder is resigning as chairman of the Securities and Exchange Commission to return to the faculty of the Northwestern University School of Law, the agency announced Thursday. *(AP)*

The U.S. Senate voted, 63 to 37, on Thursday to approve a $1.17 trillion federal budget for the year beginning Oct. 1, allowing Congress to complete work on the spending plan at the earliest time since 1978. The measure is used by Congress as a blueprint when it passes its later spending and taxing bills. *(AP)*

OAS Urges Peaceful Transfer of Power in Panama

By Robert Pear
New York Times Service

WASHINGTON — The Organization of American States has adopted a resolution condemning "abuses by General Manuel Antonio Noriega," the Panamanian leader, and calling for the peaceful "transfer of power" to a democratically elected government.

Secretary of State James A. Baker 3d said he was pleased with the resolution, which was offered by Peru and nine other countries.

"It pretty well demonstrates the isolation of Noriega," Mr. Baker said Wednesday night as he emerged from a meeting of OAS foreign ministers, who adopted the resolution by consensus.

[In Panama, the government newspaper asserted Thursday that the United States had bribed the OAS to adopt the resolution, The Associated Press reported.

[President George Bush called the OAS action a "good resolution."]

The resolution is somewhat weaker than American officials would have liked. It does not demand the immediate resignation of General Noriega, nor does it call on members of the OAS to withdraw their ambassadors from Panama, as Washington has done.

The resolution does not go as far as Mr. Bush did last week when he called on the people and the armed forces of Panama to overthrow General Noriega.

The OAS appeal gives General Noriega a way to yield power and avoid a direct confrontation with the United States if he chooses to do so. In the past, he has rebuffed many such proposals from individual countries.

The OAS will send a delegation of three foreign ministers to Panama to seek a formula for transferring power from General Noriega's regime to a new government.

General Noriega's opponents say they won a presidential election held in Panama on May 7. The Panamanian government nullified the election last week after bloody confrontations between armed supporters of General Noriega and his opponents.

The OAS delegation will probably be headed by Diego Cordóvez, the foreign minister of Ecuador.

As an undersecretary-general of the United Nations, Mr. Cordóvez helped negotiate the Geneva accords providing for the withdrawal of Soviet troops from Afghanistan.

The other members of the delegation will be from Trinidad and Tobago and from a Central American country, probably Guatemala.

The OAS said the three foreign ministers should "promote formulas of reconciliation to secure a national accord, within democratic mechanisms and in the shortest period possible, to insure the transfer of power with full respect for the sovereign will of the Panamanian people."

The delegation will report back to the OAS by June 5, so the body can "determine the subsequent measures which may be appropriate to adopt."

The resolution declares that "the grave events and abuses by General Manuel Antonio Noriega in the crisis and in the electoral process in Panama could unleash an escalation of violence," with severe risks to the safety of Panamanians.

As originally offered by Peru, the resolution did not mention General Noriega by name. By a vote of 20 to 2, the ministers adopted an amendment naming the military strongman as the source of Panama's problems. Nicaragua and Panama voted against the amendment.

The resolution makes these points:

- Recent actions by the Noriega regime "have limited the right of the Panamanian people to freely elect their legitimate authorities."
- "The outrageous abuses perpetrated against the candidates of the opposition and against the citizenry violate human, civil and political rights."
- The crisis in Panama is getting worse and "could give rise to serious threats to international peace and security."
- "Every state has the right to choose, without external interference, its political, economic and social system."

Foreign Minister Guillermo Larco Cox of Peru said the OAS had convened in an atmosphere of crisis arriving from the "grave threats faced by our hemisphere."

"The fate of our organization and the future of the hemisphere await the understandings we may reach here today to establish democracy" in Panama, he said.

■ Noriega Accuses U.S.

General Noriega said in a radio interview Thursday that Washington's desire to get rid of him was racially motivated. The Associated Press reported.

The general also accused the U.S. Embassy in Panama of misinforming President Bush about the situation in the country since the May 7 presidential election.

"Panama asks for respect," he said in a telephone interview from Panama with a New York radio station. "It asks for freedom. For its sovereignty. The time of empires has ended. Why does the United States want an empire in Panama? Why? This is our only answer: because we are black."

The government newspaper Critica contended that the United States had promised to pay its debt to the OAS of $50 million in exchange for the passage of the resolution. It did not mention that the Panamanian foreign minister, Jorge Ritter, had supported sending in the foreign ministers.

Senate Panel Supports Burt for Arms Talks

Washington Post Service

WASHINGTON — The Senate Foreign Relations Committee has approved, 14 to 2, the nomination of Richard R. Burt as the U.S. strategic arms negotiator.

The committee also approved Peter F. Secchia as ambassador to Italy.

TRAVEL UPDATE

U.S. to Limit Visas for AIDS Carriers

WASHINGTON (AP) — Foreigners with AIDS will not be granted tourist visas but will be allowed to seek 30-day visas to enter the United States on business, to obtain medical treatment, attend conferences or visit relatives, the Justice Department said Thursday.

New regulations to be issued by the Immigration and Naturalization Service allowing such travel were drafted after the detention of a Dutch AIDS patient en route to a conference in San Francisco on the disease. A judge ruled that the patient should be allowed to attend the conference.

European air passenger traffic rose 8.3 percent in March compared with March last year. The Association of European Airlines also reported Thursday that its 21 member companies recorded a 6.6-percent increase in the November-March winter season as compared with 1987-88. *(AP)*

Palermo has formed a police squad to help visitors to the Sicilian capital who fall victim to pickpocketing and other street crimes. Members of the squad, called the Nucleo Polizia Turistica, all speak English and at least one other foreign language. The police have set up two mobile units, one in the city center, the other circulating the city. The number to call for help is police operator 113. *(NYT)*

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	20	68	15	59	fr
Amsterdam	23	73	10	50	fr
Athens	28	82	17	63	fr
Barcelona	22	72	13	55	fr
Belgrade	21	70	13	55	fr
Berlin	22	72	10	50	fr
Brussels	23	73	10	50	fr
Budapest	24	75	14	57	fr
Copenhagen	16	61	5	41	fr
Costa Del Sol	25	77	13	55	fr
Dublin	19	66	14	57	c
Edinburgh	15	59	9	48	c
Florence	22	72	13	55	fr
Frankfurt	24	75	13	55	fr
Geneva	20	68	9	48	fr
Helsinki	16	61	5	41	fr
Las Palmas	24	75	18	64	fr
Lisbon	23	73	13	55	fr
London	22	72	11	52	fr
Luxembourg	22	72	11	52	fr
Madrid	27	81	11	52	fr
Milan	24	75	13	55	fr
Moscow	19	66	10	50	fr
Munich	21	70	8	46	fr
Nice	22	72	15	59	fr
Oslo	16	61	5	41	fr
Paris	26	79	13	55	fr
Prague	22	72	9	48	fr
Reykjavik	6	43	3	38	c
Rome	19	66	12	54	fr
Stockholm	18	64	9	48	fr
Strasbourg	25	77	11	52	fr
Venice	20	68	15	59	r
Vienna	23	73	11	52	fr
Warsaw	22	72	10	50	fr
Zurich	22	72	9	48	fr

MIDDLE EAST

Ankara	23	73	7	45	fr
Cairo	—	—	—	—	no
Istanbul	21	70	13	55	fr
Jerusalem	28	82	19	66	fr
Tel Aviv	31	88	15	59	fr

OCEANIA

Auckland	—	—	—	—	no
Sydney	22	72	16	61	o

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	35	95	26	79	c
Beijing	22	72	17	63	sh
Hong Kong	29	84	25	77	sh
Manila	31	88	23	73	c
New Delhi	42	108	29	84	fr
Seoul	28	82	15	59	o
Shanghai	19	66	17	63	sh
Singapore	—	—	—	—	no
Taipei	28	82	25	77	r
Tokyo	20	68	14	57	r

AFRICA

Algiers	26	79	10	50	fr
Cape Town	19	66	13	55	sh
Casablanca	23	73	18	64	cl
Harare	24	79	11	52	fr
Lagos	31	88	27	81	c
Nairobi	23	73	14	57	cl
Tunis	26	68	14	57	cl

LATIN AMERICA

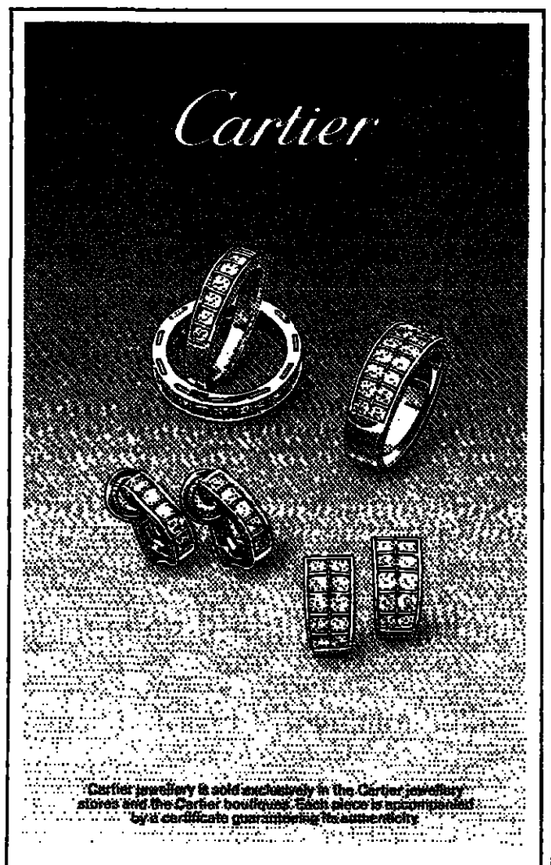
Buenos Aires	—	—	—	—	no
Lima	—	—	—	—	no
Mexico City	30	86	15	59	pc
Rio de Janeiro	27	81	20	68	c

NORTH AMERICA

Anchorage	11	52	3	38	cl
Atlanta	30	86	18	64	pc
Boston	24	75	12	54	pc
Chicago	27	81	14	61	pc
Denver	19	66	9	48	r
Detroit	29	84	13	55	pc
Honolulu	29	84	21	70	pc
Houston	31	88	21	70	pc
Los Angeles	21	70	15	59	pc
Miami	32	90	22	72	pc
Minneapolis	23	73	13	55	fr
Montreal	27	81	14	57	no
Nassau	32	90	22	72	pc
New York	28	82	16	61	pc
Phoenix	35	95	20	68	fr
San Francisco	19	66	10	50	fr
Seattle	14	57	7	45	sh
Toronto	24	75	12	54	fr
Washington	30	86	17	63	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Smooth. FRANKFURT: Fair. Temp. 24 — 12 (75 — 54). LONDON: Fair. Temp. 23 — 12 (73 — 54). MADRID: Stormy. Temp. 30 — 13 (86 — 55). NEW YORK: Fair. Temp. 28 — 16 (82 — 61). PARIS: Fair. Temp. 26 — 14 (79 — 57). ROME: Stormy. Temp. 22 — 12 (72 — 54). TEL AVIV: Not available. ZURICH: Fair. Temp. 25 — 11 (77 — 52). BANGKOK: Stormy. Temp. 35 — 26 (95 — 79). HONG KONG: Fair. Temp. 30 — 25 (86 — 77). MANILA: Stormy. Temp. 31 — 23 (88 — 73). SEOUL: Foggy. Temp. 28 — 15 (82 — 59). SINGAPORE: Stormy. Temp. 30 — 25 (86 — 77). TOKYO: Fair. Temp. 21 — 14 (70 — 57).



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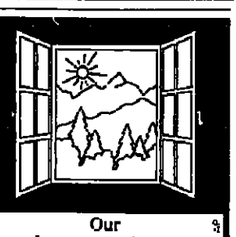

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Documents Reveal Stratagem Behind U.S. Aid to Honduras

By Stephen Engelberg
New York Times Service

WASHINGTON — Classified documents from the Reagan administration cast fresh doubts on the Bush administration's assertion that there was no deal between the United States and Honduras on aid to the Nicaraguan rebels.

The documents, not previously made public, show that in 1985 and 1986 senior officials in the two countries viewed the relationship as being based, at least in part, on a tradeoff of U.S. government assistance for continued support of the contras fighting the Sandinista government in Nicaragua.

Honduran officials are depicted as seeking to extract the largest possible U.S. rewards in economic and military aid from a White House eager to preserve the contras' supply lines and base camps in Honduras at a time when Congress had barred military aid for the rebels.

A White House document of December 1985, written by Oliver L. North, who was then an aide to the National Security Council, said the Hondurans were accustomed to the United States manipulating aid disbursements to secure "concessions" and that "they are now using this same tactic with us."

In recent weeks the Bush administration has repeatedly denied that there was any formal understanding, or quid pro quo with Honduras over the contras.

But key portions of the documents, obtained by The New York Times and available to the congressional investigating committees, suggest that such an arrangement was understood or taken for granted by participants.

The Iran-contra affair reemerged as a political problem for the Bush administration at the time of Mr. North's trial. The trial ended May 4 with his conviction on three charges, including destroying documents, in an attempt to cover up his role in the affair.

Defense lawyers argued that senior Reagan officials had engaged in a far-reaching effort to use U.S. aid money to gain help for the contras, and the disclosures at the trial prompted congressional calls for renewed inquiries.

The documents describe similar Reagan administration dealings with other countries in the region. One example is Guatemala, where a document said the Central Intelligence Agency planned to mount a "public relations-media operation" on behalf of President Vinicio Cerezo in exchange for his assistance in 1986 to several CIA covert operations aimed at Nicaragua.

A State Department official told Congress last month that a White House plan to link U.S. aid to Honduras to its support of the contras had been killed. The plan had been disclosed at the trial of Mr. North.

President George Bush has said he knew of no effort to create an enticement for support of the contras by providing U.S. aid money. He also denied discussing the issue at a meeting in March 1985 with President Roberto Suazo Córdova of Honduras.

A memo written by Mr. North on Dec. 10, 1985, and released by the congressional Iran-contra committees in heavily edited form raises new questions. Drafted to prepare his boss, John M. Poindexter, the national security adviser, for a meeting in Honduras with General Walter López, head of the Honduran military, the document describes a recent decision by the Honduran military to cut off arms deliveries to the contras.

This suggests that if a deal had been concluded in February 1985, as some documents disclosed at the North trial indicated, it appeared to have fallen apart sometime in the next 10 months.

Mr. North then gave his view of the relationship between Honduras and the United States, referring to various forms of U.S. aid, some of which had been slated for inclusion in the February plan to induce Honduran support for the contras.

He mentioned a Pentagon program, foreign military sales, under which credits are provided for weapons purchases, aid from the Agency for International Development, and certification by the International Monetary Fund, to make Honduras eligible for loans.

Mr. North wrote that "from previous meetings with López, it is obvious that the Hondurans perceive" that the United States was "using" Honduras for its own political ends.

"They have learned that we withhold our assistance in order to force concessions from them." He added, "They are now using this same tactic with us as a means of insuring" that the United States would "come through" for them. "López and his colonels recognize that the only leverage they have over us is their covert support for the Nicaraguan resistance."

A year later, on the eve of a vote in Congress that allowed the CIA to resume assistance to the contras, Alan Fiers, the chief of the agency's Central America Task Force, traveled to Honduras, Guatemala and Costa Rica to discuss the logistical help that would be needed.

"The Hondurans were, as always, nettlesome," Mr. Fiers wrote in a memorandum Oct. 23, 1986, to William J. Casey, the director of central intelligence. "Nevertheless, in the final analysis they agreed to fully support the program and to allow supplies to begin moving as scheduled. They were very clear as to what they seek in return: support for the purchase of advanced aircraft, with those aircraft arriving as soon as possible (within six month)."

Mr. Fiers concluded: "The real message in Honduras is that the Hondurans want to extract the maximum possible from us in return for their cooperation. We must be as responsive as we need to insure this cooperation, yet at the same time remain within the bounds of propriety."

In Guatemala, Mr. Fiers said the CIA would be paying for "the Guatemalan program of internal support to Nicaraguan political parties and working with them in structuring this program." He wrote that Guatemala was already providing "clandestine support to the resistance which ultimately will include training bases and logistical bases."

"In return for President Cerezo's support, we will be assisting him in establishing a public relations-media operation designed to strengthen his image and democracy in Guatemala."

Mark Peterson/Reuters-UPI

Rudolph W. Giuliani, with his son, Andrew, after announcing that he would seek the Republican nomination for mayor of New York. He holds a wide lead over Mayor Edward I. Koch in opinion polls.

A Front-Runner Pursues Koch

Giuliani, Scourge of Wall Street, Enters New York Race

By Howard Kurtz
Washington Post Service

NEW YORK — Despite his Republican pedigree in this Democratic city, Rudolph W. Giuliani, a former federal prosecutor, has entered the race as the front-runner.

The 44-year-old Brooklyn native won national acclaim for prosecuting mobsters, Wall Street traders and politicians during his five and a half years as U.S. attorney in the Reagan administration.

Declaring that the city is beset by "crack, crime and corruption," he has formally launched his effort to defeat Mayor Edward I. Koch with a "fusion" candidacy designed to end 16 years of Democratic rule in New York.

At the East Side Republican Club, Mr. Giuliani said he was determined to "take our streets, parks and subways back from the criminals" and "instill a sense of fear" in drug users and other lawbreakers.

Mr. Giuliani said he would hire more police, increase jail capacity and seek to reform the juvenile justice system. To handle increased arrests, he would add court space and prosecutors.

Polls show that he would crush Mr. Koch and defeat by a smaller margin David N. Dinkins, the Democratic Manhattan borough president and the city's senior black official.

Mr. Giuliani has won the endorsement of New York's Liberal Party, giving him a vehicle to attract disaffected Democrats. On Wednesday, he emphasized his record on crime and drugs, which dominate the local agenda.

He will face Ronald S. Lauder, heir to the Estee Lauder cosmetics fortune and former ambassador to Austria, in the Sept. 12 primary.

Mr. Giuliani has worked for the Justice Department in Washington and in Manhattan for 15 years, through most of the Nixon, Ford and Reagan administrations. He spent four years in private law practice during the Carter administration and has recently joined the law firm of White & Case.

Launching a daylong swing through all five boroughs of the city, Mr. Giuliani, looking past the Republican primary, sounded very much like a liberal Democrat.

After introducing his wife, Donna Hanover, and holding their son, Andrew, 3, up for the cameras, Mr. Giuliani ticked off a list of problems including homelessness, housing, health care, AIDS and drug abuse that he said have pushed the city "out of control."

Mr. Giuliani struggled with his first campaign flap as he responded to questions on a bus ride to the Bronx. Asked about a report that his new law firm, White & Case, has been a registered foreign agent for the government of the Panamanian ruler, General Manuel Antonio Noriega, since 1981, Mr. Giuliani said he had been unaware of it.

"I have not done any work for Panama," he said. "I can assure you I want absolutely nothing to do with Noriega."

He said he was checking the extent of the firm's involvement and that if it were "substantial," he would leave the firm.

A recent Marist Institute poll found that Mr. Giuliani would defeat Mr. Dinkins 47 percent to 40 percent, and roll over Mr. Koch, who is seeking a fourth four-year term, 55 percent to 28 percent. Mr. Giuliani leads Mr. Lauder, who has spent more than $2 million of his personal fortune on the race, 64 percent to 13 percent.

David Sawyer, a political consultant, said that Mr. Koch had been "profoundly damaged" by recent political developments and that Mr. Giuliani's outsider status is a huge asset in the Sept. 12 Republican primary.

Mr. Giuliani has accused Mr. Koch in recent weeks of "beating up on homeless people" and fostering racial tensions through inflammatory "code words."

Mr. Koch said Wednesday that Mr. Giuliani "knows nothing about government." He said that as a Justice Department official, Mr. Giuliani was "a miserable failure" in combating drugs and "would be a terrible mayor."

Exxon Valdez Disaster: Ship Rules Were Loose

By Jay Mathews
Washington Post Service

ANCHORAGE, Alaska — Newly released documents and testimony at a federal hearing here into the worst U.S. oil-tanker spill portray the Exxon Valdez as an accident waiting to happen, its reduced crew overburdened by demands of speed and efficiency.

A series of problems and violations of rules on operating the tanker are revealed in almost 1,000 pages of documents and initial testimony at the five-day hearing of the National Transportation Safety Board. These depict a ship whose crew often worked 12 hours a day and slept irregularly.

In addition, lookouts were not posted properly, junior officers were allowed control of the bridge without supervision and, on at least one occasion, the captain drank alcohol in the ship's lounge in violation of company rules.

The documents and testimony also point to problems with Coast Guard radar surveillance of ships in the part of Prince William Sound where the tanker hit a reef on March 24 and spilled about 250,000 barrels of oil.

In light of testimony that appears to place much of the blame for the accident on Captain Joseph J. Hazelwood's drinking habits and on inadequate supervision of the crew, federal and state investigators are focusing on the personnel policies of Exxon Shipping Co. and alleged understaffing of its huge complex tankers.

The investigation could lead to federal laws or regulations that would raise crew levels, authorities said. If so, they added, the cost of bringing oil and other goods to U.S. ports could increase.

"It was a series of mistakes that just built upon each other," said Robert E. LeResche, oil-spill coordinator for the Alaska governor's office.

"It wasn't Captain Ahab on the bridge," he added. "It was Larry and Curly in the Exxon boardroom." He was referring to two members of the Three Stooges slapstick comedy team.

Investigators have been looking closely at the records of the crew.

In interviews with the Coast Guard and the transportation safety board, supervisors expressed concern about the capabilities of Robert Kagan. As helmsman, he was steering the ship under orders of the third mate, Gregory T. Cousins, when the tanker ran aground on Bligh Reef.

"He does the best he can, but you have to watch him," the chief mate, James R. Kunkel, earlier told investigators about Mr. Kagan. Mr. Kunkel confirmed the statement in testimony Wednesday.

Mr. Cousins testified that March 24 was not the first time he had been the only officer on the bridge. At least two officers must be present, according to Coast Guard rules. Mr. Cousins also was not certified to pilot a ship in the sound.

Although the six crew members who have testified said they saw no one violating company rules against alcohol on the ship, the radio officer, Joel Roberson, said that Mr. Hazelwood had invited him to the lounge a month before the accident "to destroy a bottle."

Mr. Roberson said he saw Mr. Hazelwood pull what he thought was a bottle of vodka from his jacket and mix it with orange juice.

Mr. Hazelwood, whose absence from the bridge at the time of the accident violated company and

Investigators are focusing on the personnel policies of Exxon Shipping Co. and alleged understaffing of its huge tankers.

Coast Guard rules, has been charged with three misdemeanors, including operating a vessel while intoxicated, reckless endangerment and negligent discharge of oil.

His lawyers say he was "not under the influence" at the time of the spill. Mr. Hazelwood, who pleaded not guilty to the charges, is due to stand trial next month.

Documents and testimony at the hearing center not only on alcohol use but on the stress of operating a huge ship with a minimum crew.

Mr. Kunkel said that crewmen "hungry for money" were allowed to work as many as four hours of overtime a day for six days a week. In some cases, they worked eight hours of overtime a day. Crewmen normally work two four-hour shifts.

The Coast Guard allowed the Exxon Valdez to reduce its minimum crew requirement by three members six months after it began operation in 1986. The ship had 20 crewmen the night of the accident.

In a January 1988 letter to an Exxon executive in California, Commander Paul J. Larson of the Coast Guard said that the authorization had been "premature." But he added that it would not be revoked because the ship had "operated satisfactorily the last six months."

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Lufthansa

Gorbachev's Adroitness Irritates Bush Officials

By Thomas L. Friedman
New York Times Service

NEWS ANALYSIS

WASHINGTON — One of the surprises of the Bush administration is the irritation and uncertainty that have marked its reactions to the initiatives of Mikhail S. Gorbachev.

The more the Kremlin leader appears to be responding to Washington's demands, the more annoyed the White House seems to become.

When Mr. Gorbachev announced that he would destroy 500 nuclear warheads in Eastern Europe, Secretary of Defense Dick Cheney's response was: "He has got so many ratholes over there in Eastern Europe that 500 is a pittance."

When Mr. Gorbachev said he would halt all weapons deliveries to Nicaragua, the White House spokesman, Marlin Fitzwater, dismissed it as a "public relations gambit" perpetrated by a phony, a "drugstore cowboy."

Administration officials say that Mr. Gorbachev has promised much more than he has delivered, but that he is getting a free ride from the press because reporters want a dramatic figure to cover, which they are not finding in the White House.

Mr. Gorbachev, U.S. officials complain, is getting credit for style rather than substance.

"The media is responding to Gorbachev the way people responded to Doctor Johnson's famous dancing dog," one senior administration official said. "It isn't how he dances, it is the fact that he dances at all."

Actually, the Bush administration seems to be frustrated that Mr. Gorbachev is besting them on the world stage with the very same tactics they used to defeat Governor Michael S. Dukakis.

"They are criticizing Gorbachev for conducting foreign policy in precisely the same way the Bush people conducted their election campaign, which was to manipulate the media with public-relations gimmicks and subordinate the substantive policy debate," said Michael J. Sandel, a Harvard University political theorist.

"Now, they are suddenly the wounded ones," he said. "No wonder they are angry. They are being beaten at their own game."

Mr. Sandel added: "What the Bush people are missing is the unavoidable connection between electoral politics and governance.

"They thought they could win the presidency by manipulating the media but that governing and conducting foreign policy would be another matter, where they could just ignore symbols and rhetoric and public relations. That is now coming home to roost."

Ronald Reagan was a natural showman who always appreciated the connection between symbols and policy, much as Mr. Gorbachev does, but Mr. Bush and Secretary of State James A. Baker 3d seem to lack that instinct.

Mr. Baker for most of his career has been the consummate Washington insider, used to dealing with the press as an anonymous "administration official."

As experienced as he is in the process of governing, he is only beginning to learn how to deal with public relations in the glaring light of day.

Mr. Baker went to Moscow convinced that he was in a strong position and that Washington could test whether Mr. Gorbachev's "new thinking" was real by shifting the emphasis of East-West relations away from arms control to a broader agenda.

Yet, with one stroke, the Soviet leader turned the tables right back to where he wanted them — arms control in Europe — and, at the same time, made the administration appear to be on the defensive and undergoing a test.

At the same time, there are more than a few people in the administration who are frustrated not because they feel Washington is losing the public-relations war with Mr. Gorbachev, but because they feel it is losing a great opportunity to reshape East-West relations.

Mid-level State Department officials complain privately about unnamed "cold warriors" in the Pentagon and on the National Security Council staff, whom they accuse of subverting efforts to inject more dynamism and substance into the administration's approach.

Representative Les Aspin, the Wisconsin Democrat who is chairman of the House Armed Services Committee, castigated the White House on Wednesday for belittling Mr. Gorbachev's initiatives.

Addressing two administration officials who were appearing before his committee, Mr. Aspin said the administration was losing the fight with Moscow because it had not responded swiftly or imaginatively to Mr. Gorbachev's various arms-control proposals.

"You can't beat something with nothing in politics," he said. "You've got to have some vision out there — and it just ain't there."

Agence France-Presse

SURPRISE WELL-WISHER — Vaclav Havel, left, met Alexander Dubcek, leader of the Prague Spring of 1968, for the first time in 20 years shortly after the prominent dissident and playwright was released from prison on Wednesday. With them is Mr. Havel's wife, Olga.

For Soviets, an Edited Version of Events in China

By David Remnick
Washington Post Service

NEWS ANALYSIS

MOSCOW — The Soviet news program "Vremya," which is watched every evening by at least 150 million people, broadcast over two hours of coverage of Mikhail S. Gorbachev's historic trip to China this week. Yet, there was hardly a mention of the huge throngs of Chinese demonstrating in Beijing.

When the broadcast did give a glimpse of the protests earlier this week, the brief interviews stuck to one theme: the students and their supporters back Mr. Gorbachev. There was no mention of the students' demands, the hunger strikes, the calls for Chinese leaders to resign.

Finally, in the Thursday night broadcast, right before the sports segment, the news broadcast showed two men in the control room watching a few minutes of the huge protests. "Until now, we had no time to show this," one commentator said.

Mr. Gorbachev and his advisers have come to understand the power of television far better than previous Soviet leaders. As the Communist Party foreign policy chief, Alexander N. Yakovlev, said early in Mr. Gorbachev's tenure, "The television image is everything."

By refusing to show the hundreds of thousands of people in Tiananmen Square in Beijing, Soviet television did give a clear view of the meaning of *glasnost*, or openness, at the highest levels, and apparently reflected Mr. Gorbachev's anxiety about unrest at home.

Holding important jobs in the government broadcast apparatus, the producers of "Vremya" filled the screen with shots of Mr. Gorbachev talking to a Chinese interviewer, Mr. Gorbachev chatting on the Great Wall, Raisa Gorbachev visiting cultural sites.

But although viewers had no images of the rallies on Tiananmen Square, Soviet television did transmit the bulk of Mr. Gorbachev's news conference. At one point, a reporter asked the Soviet leader how he would feel if such demonstrations took place in Red Square.

Mr. Gorbachev answered coolly, almost as if it were an academic problem about remote future possibilities: "I think in the Soviet Union as well, if such a situation came up — and problems of a similar order could arise — we would look into them in a concrete fashion and find political methods to solve them."

What was left unsaid is that the Soviet Union has already experienced mass demonstrations. Last year, nearly a million people clogged the streets of the Armenian capital, Yerevan, to demand the transfer of the disputed Nagorno-Karabakh Autonomous Region to the republic's control.

In Estonia, more than 100,000 people have attended rallies at the stadium in Tallinn. In the Ukrainian city of Lvov, in the Latvian capital of Riga, in the Lithuanian capital of Vilnius and in dozens of other cities, thousands have demonstrated for nationalist causes.

Rarely are the protests broadcast, and never on "Vremya."

Soviet editors and writers are now waiting for the formulation of a law on the press. Grigori Y. Baklanov, editor of the liberal journal Znamya, and Yuri Shchekoshikin, a writer for the literary weekly Literaturnaya Gazeta, argue that the country needs Western-style freedom of the press, ensured by law.

As it is now, glasnost is a tool — often a revolutionary and sensation-producing tool — but it is still not freedom. And as for major events, like the Chinese-Soviet summit, the violence last month in Soviet Georgia or the nationalist demonstrations in Armenia, glasnost is under tight control.

Even newspapers reputed to be leading the way toward renewal are reined in during these critical moments. The Communist youth newspaper Komsomolskaya Pravda, which provides coverage of such problems as prostitution, drug addiction and AIDS, had only this to say about the demonstrations in China: "Beijing is simmering."

Pravda, the Communist Party daily and the main Kremlin organ, was dismissive. "It appears that, in an attempt to exploit the current situation in order to put pressure on the government, the students have lost the support of many people who sympathized with them," a Pravda commentator wrote.

The last time the paper showed such irritation with a demonstration was when 8,000 nationalists protested in Tbilisi last month.

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Gorbachev Gives a Nod to Beijing Spring

By Bill Keller
New York Times Service

BEIJING — Mikhail S. Gorbachev has portrayed the popular uprising that has engulfed the Chinese capital as part of a painful but healthy worldwide upheaval in Communist countries.

In his most extensive comments on the demonstrations that have disrupted and overshadowed the Chinese-Soviet reconciliation in Beijing, the Soviet leader cautiously praised the students who began the huge vigil for greater democracy and repeatedly declared that economic change was impossible without political reform.

"I am convinced that we are participating in a very serious turning point in the development of world socialism," Mr. Gorbachev said at a news conference when asked to assess the unrest in China and in his own country.

All Communist countries, he said, are headed at different paces toward greater freedom of expression, democracy and individual rights.

"These processes are painful, but they are necessary," he said.

The Soviet leader was careful not to be seen taking sides in the domestic political struggle provoked by the unrest, but it now appears clear that he used his three days in Beijing to encourage political liberalization and indirectly to do what he could to promote the aspirations of Zhao Ziyang, the Chinese Communist Party leader and self-styled reformer, in an internal power struggle.

Mr. Gorbachev's comments Wednesday, in a speech to Chinese intellectuals, a televised interview and the news conference, also included calls for patience and discipline, but he avoided any direct criticism of the students.

In a meeting with Mr. Zhao on Tuesday, Mr. Gorbachev reportedly expressed his distaste for "hotheads" who demand that change be accomplished overnight. On Wednesday he said he had received a letter from the students praising the Soviet moves toward political liberalization, and added, "I value their position."

He commended the Chinese leadership for opening a political dialogue with the students, a conciliatory approach that initially met firm resistance from some senior Chinese leaders.

Mr. Gorbachev's schedule in Beijing was repeatedly disrupted as Chinese authorities canceled planned events for security reasons and at one point abruptly decided not to risk moving their guest through a city completely out of official control.

The Soviet leader did venture an hour north of Beijing on Wednesday to pose for photographers atop the Great Wall and to declare that, thanks to the first meeting of Chinese and Soviet leaders since 1959, "there is now no longer a great wall between the Soviet Union and China."

The conclusion of the summit meeting was largely overlooked Wednesday, even by the Soviet delegation, in the sweep of events in Beijing's streets.

Chinese leaders emerged from their meetings with their Soviet guest voicing calls for democracy and human rights that bore the unmistakable trademark of Mr. Gorbachev's political creed.

While Mr. Gorbachev sought to be evenhanded in praising the Chinese leaders he had met, Mr. Zhao, the first leader to express sympathy for the student protesters, seemed to be the natural beneficiary of the visit.

One hint of the Soviet preference came on Tuesday when the Chinese prime minister, Li Peng, invited Soviet reporters to meet him for an interview. Some of the most senior political commentators, including the writers for Pravda and Izvestia, did not bother to show up.

Mr. Gorbachev may have several reasons for wanting to encourage a more democratic leadership after the rumored departure of Deng Xiaoping, the senior Chinese leader, who is 84 years old.

A liberalized China would probably be a more congenial partner in Mr. Gorbachev's plan for demilitarizing Asia and opening the Communist world to greater economic cooperation with non-Communist countries like Japan and South Korea.

The sudden impulse for political change in China also gives Mr. Gorbachev a strong debating point in his continuing struggle with conservative Communists at home, who would prefer to pursue an economic revival without the disorders of political pluralism.

Pointing to China, he can argue that attempts to suppress the craving for political freedom will produce only disorder in the streets.

"This shows what can happen if a government does not keep up with its people," said a member of Mr. Gorbachev's entourage. Speaking of conservatives in the Soviet leadership, he added, "I wish they could see it."

Bonn Is Said To Press for Compromise

By Serge Schmemann
New York Times Service

BONN — With the West German defense minister already in Washington on Thursday with a modified version of Bonn's contentious policy on short-range nuclear weapons, there were reports that the government was prepared to step up its 11th-hour search for a compromise by sending another team of senior officials across the Atlantic next week.

A report in the Frankfurter Allgemeine said Defense Minister Gerhard Stoltenberg had taken a "negotiating paper" to Washington that sought to bridge the dispute by moderating Bonn's call for early negotiations on short-range nuclear missiles, and making such talks conditional on substantial progress at the new negotiations in Vienna on reducing conventional weapons.

The West Germans reportedly hoped the formula would be flexible enough to satisfy Washington's insistence that short-range nuclear weapons cannot be negotiated, as long as the Soviet Union has preponderance in conventional arms, and yet would maintain Bonn's position that talks on the nuclear arms could begin before agreement is reached in Vienna.

Mr. Stoltenberg, however, was reportedly not empowered to negotiate the position, because any changes had to be negotiated within the Bonn governing coalition.

If further changes were necessary, Chancellor Helmut Kohl was reported ready to send senior officials to Washington next week.

Congress Heads for Clash With Bush Over Bill to Raise Minimum Wage

Washington Post Service

WASHINGTON — The Democratic-controlled Congress is headed for its first veto confrontation with President George Bush after the Senate gave final approval to a bill that would raise the minimum wage by $1.20 over three years, to $4.55 an hour.

Mr. Bush, who wants to increase the wage floor by only 90 cents, to $4.25 an hour, and to set a lower "training wage" for a worker's first six months on the job, renewed his pledge to veto the measure.

In passing the measure Wednesday by a vote of 63 to 37, the Senate, like the House, failed to muster the two-thirds vote that would be necessary to override a veto.

The standoff poses a quandary for both parties. Mr. Bush runs the risk of undermining his message of creating a "kinder, gentler" America if he refuses to compromise. Unless they meet his demands, Democrats face the prospect of a ninth year without an increase in the minimum wage.

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—***hand delivery Barcelona, Bilbao, Seville	Ptas.	32,000	22,600	17,600	9,700
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Bonn Is Sa... To Press fo... Compromi...

By Serge Schmemann
New York Times Servi...

BONN — With the We... man defense minister ... Washington on Thursday ... modified version of Bonn's ... tious policy on short-range n... weapons, there were report... the government was prepar... step up its 11th-hour search ... compromise by sending a ... team of senior officials acro... Atlantic next week.

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If further changes were necessary, Chancellor Helmut Kohl reported ready to send senior officials to Washington next week.

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Fighting Flares in Eritrea

Ethiopia General Killed in Revolt

Compiled by Our Staff From Dispatches

ADDIS ABABA, Ethiopia — Fighting broke out between loyal and mutinous soldiers of Ethiopia's 2d Army in the northern city of Asmara on Thursday, a Western diplomat said.

The diplomat, based in the capital, said the 2d Army's commanding general, one of the leaders of a three-day military revolt, was killed in the fighting.

He said loyal troops retook the city's radio station and broadcast a statement declaring their fidelity to the Marxist government.

"The radio station then went dead," the diplomat said, suggesting continued fighting between loyalists and mutineers in Asmara, capital of Eritrea Province. The province is embroiled in a war of secession.

In Addis Ababa, Lieutenant Colonel Mengistu Haile Mariam, in his first public appearance since the coup attempt, said loyal troops had crushed the rebellion.

In a radio and television address, President Mengistu branded as traitors army units that tried to seize power Tuesday while he was on a visit to East Germany. He returned Wednesday.

"I feel proud and greatly honored to tell my countrymen that the 2d Army division based in Eritrea has crushed rebel officers and their accomplices holed up in Asmara," he said.

The fighting between troops of the 2nd Army broke out a few hours after secessionist rebels of the Eritrean People's Liberation Front declared a two-week cease-fire in their fight against the 2nd Army "to facilitate the successful outcome" of the military revolt.

On Thursday night, the rebels' radio reported fighting among Ethiopian Army units in Asmara.

The radio station also reported renewed fighting in Addis Ababa throughout the day, but a Western diplomat said there had been no shooting in the capital.

(AP, Reuters)

Reuters

President Mitterrand at his news conference on Thursday.

FRANCE: *No to Early Talks*

(Continued from page 1)

rence in central Europe" between NATO and the Warsaw Pact.

By 1992, Mr. Mitterrand said, the conventional arms talks in Vienna will demonstrate whether the Soviet Union is ready to cut its military superiority in Europe.

Underscoring his belief that strong defense remained necessary, Mr. Mitterrand said that although the government would cut the growth of military spending by 10 percent it would continue all its major weapons projects, including a new aircraft carrier, the Rafale fighter, the Hades short-range missile and a new tank.

Before Mr. Mitterrand's made his remarks, a presidential aide criticized the United States and Britain for pressing too hard for nuclear modernization on the heels of the INF Treaty. He accused Prime Minister Margaret Thatcher of being "provocative" on modernization.

But the aide said that Mr. Kohl had undone what had seemed to be a workable alliance compromise by demanding, under pressure from his governing coalition, speedy talks between the United States and the Soviet Union on short-range nuclear forces.

NATO, the aide said, eventually might have to agree to such talks, despite the reluctance of Britain, the United States and France.

Meanwhile, he added, the alliance needed time to prepare a solid negotiating approach that would prevent a stampede to remove all nuclear weapons from Europe. To gain this breathing space, he said, NATO leaders should mollify West Germans psychologically by delaying the talks, not by ruling them out categorically.

Major Points Of Communiqué

The Associated Press

BEIJING — Here are excerpts from the 18-point Chinese-Soviet joint communiqué issued at the end of Mikhail S. Gorbachev's visit to China. The English-language version was provided by the official Xinhua news agency.

- China and the Soviet Union agreed that the Chinese-Soviet high-level meeting symbolized the normalization of relations between the two countries. This is in conformity with the interests and aspirations of the Chinese and Soviet peoples and contributes to the maintenance of world peace and stability. The normalization of Chinese-Soviet relations is not directed at any third country.
- The two had an overall and in-depth exchange of views on the settlement of the Cambodian question.

They shared the concern and considered it essential that no civil war in Cambodia should follow the complete Vietnamese troop withdrawal and that the future Cambodia should be an independent, peaceful, neutral and nonaligned state. To this end, they expressed support for national reconciliation with the participation of the four parties in Cambodia.

The Chinese side advocated the establishment in Cambodia of a provisional quadripartite coalition government headed by Prince Sihanouk during the transitional period after the complete Vietnamese troop withdrawal and prior to the end of a general election.

The Soviet side maintained that the internal problems of Cambodia, including preparations for the general election under international supervision, should be solved by the people themselves.

They held that with the withdrawal of Vietnamese troops, the countries concerned should gradually reduce and eventually stop all their military aid.

- The two sides agreed to take measures to cut down the military forces in the area along the Chinese-Soviet boundary to a minimum level commensurate with the normal, good-neighborly relations between the two countries.
- The two sides favored a fair and reasonable settlement of the Chinese-Soviet boundary question.
- The two sides agreed that the Communist Party of China and the Communist Party of the Soviet Union would develop their contacts and exchanges in accordance with the principles of independence, complete equality, mutual respect and noninterference in each other's internal affairs.
- The two sides stated that neither side would seek hegemony of any form in the Asian-Pacific region or other parts of the world. Both deemed it essential to denounce the attempt or action of any country to impose its will on others or seek hegemony of any form anywhere in the world.

CHINA: *Li Warns of Collapse but Protests Continue*

(Continued from page 1)

dialogue with the students. What kind of a government do we have?

"We're putting pressure on the highest authorities to change their minds. And if they won't change their mind, they must resign. Otherwise, the situation will deteriorate."

The demands of the students and workers are vague. It is not entirely clear what will satisfy them.

"A mere dialogue isn't enough now," said a student from the Beijing Material College. "Maybe that would have been fine a week or so ago, but now we want real changes in the way the government works."

It is clear from banners and slogans that what many people want is nothing less than the removal of the senior leader, Deng Xiaoping, and Prime Minister Li. Even at the Chinese Academy of Social Sciences, a prestigious government institution, a large banner was erected on the side of its building reading: "Dump the Politburo."

In a sign of the growing unrest, Mr. Li announced in the televised meeting that traffic on one of China's main railroad lines had been halted for three hours in the city of Wuhan, apparently because of a strike. Such actions provoke special worries in China because of the memories of the disruptions and chaos of the Cultural Revolution beginning in 1966.

Another parallel with the Cultural Revolution is the growing number of students from other regions who are flooding into Beijing. Many are being allowed to ride free on trains, just as Red Guards were allowed to do during the Cultural Revolution.

A Qinghua University student who arrived in Beijing from the city of Xian said that his train car, with 118 seats, was jammed with more than 300 people, most of them students coming to Beijing to promote democracy. At every stop, he said, students jammed the platforms and most managed to avoid buying tickets by appealing to the public spirit of train conductors.

The demonstration in the capital was noteworthy not only for the numbers of people who braved the rain, but for the degree of organization. Many workers clearly had the support of their work units, for they arrived in buses and trucks and carried the official banner of their factory. Several said that party cadres had approved of the protest.

The degree of organization did not necessarily indicate some hidden hand encouraging the demonstrators to benefit a faction in China's leadership. The workers all denied it, and some said that their local party cells had simply become sufficiently independent of the central party organization that they did not worry about disobeying higher officials.

As on Wednesday, the organizations represented in the demonstrations included an array of institutions that are close to the party and government. A few units from the People's Liberation Army arrived in the square, and so did personnel from the People's Armed Police and several government ministries.

The televised discussion, while almost universally regarded by students as unsatisfactory, would have been unthinkable just a week or two ago. Mr. Li, who is usually shown on television suffused in dignity, had scarcely sat down in the Great Hall of the People when Wuer Kaixi, a student leader, rebuked him for being late. Mr. Wuer and another student leader, Wang Dan, also called on the prime minister to stop the small talk and begin a serious conversation, and they warned that the government would bear the responsibility for any disturbances.

The sharp exchanges were perhaps the first time that a Chinese leader has been subjected to the public embarrassments that politicians regularly endure in the West.

BOEING: *Changes Ordered*

(Continued from page 1)

nose to the forward main passenger door.

The requirements follow guidelines proposed Feb. 28 by a task force of aviation industry and government experts set up by the Air Transport Association and the Aerospace Industries Association.

The airlines and the industry have long argued that aircraft can fly indefinitely, as long as they are properly inspected or maintained.

In the jargon of the industry, aircraft are not retired because they are worn out; they are retired because they have reached the "economic design goal," meaning the costs of continued maintenance and repair have exceeded the price of buying a new plane.

The industry is sensitive to the public relations aspect of aging aircraft, because the words imply that older aircraft are less safe. The Air Transport Association, a lobbying group for the major U.S. carriers, has tried to rename the issue by calling them "senior aircraft."

The FAA said the orders would affect 67 727s, 28 737s and 20 747s. More aircraft would be affected as they reach 20 years or a set number of flights: 60,000 for 727s, 75,000 for 737s and 20,000 for 747s.

PROTEST: *Mirroring a Pattern*

(Continued from page 1)

cheered the students as the truck bounced through the square.

Municipal buses taken over by their drivers were jammed with celebrating passengers.

The base of support for the demonstrations has broadened progressively as they have been featured by the state-controlled television and radio networks and newspapers.

For the first time since 1949, an anti-government protest has been covered in a factual and at times sympathetic manner by Chinese news organizations.

This has been taken as a signal that the protesters either have a powerful protector in the government or have succeeded in splitting the government so badly that it has lost the ability to make decisions. Demonstrators therefore would not have to fear the kind of brutal police action that has been used in the past to break up milder challenges.

Chinese and foreign television cameramen in the square recording the scene and interviewing protesters provide a key difference between these demonstrations and the previous popular convulsions that have shaken China, like the Red Guards movement in the 1960s and 1970s, the Democracy Wall demonstrations in 1979 and scattered student protests in 1987.

Student leaders say they are convinced that the presence of a large international press corps here to cover the visit of Mikhail S. Gorbachev helped restrain government hard-liners who wanted to use the police to restore order, whatever the cost.

They see their leaders facing the same kind of dilemma that confronted Mr. Marcos, who fled in 1986, and the shah, who fell in 1979, when their armies disintegrated rather than fire on demonstrators before international television audiences.

SUMMIT: *A New Era is Declared*

(Continued from page 1)

Tass issued a report after Mr. Gorbachev left, saying that the Chinese police had "lost control" of the crowds occupying Tiananmen Square and main streets leading into it in central Beijing.

Xinhua said that Mr. Gorbachev, in a conversation with Deputy Prime Minister Wu Xueqian just before he left, had expressed his wish for "the current situation in China to be eased and settled."

Mr. Gorbachev returned to Moscow late Thursday, the Soviet press agency Tass announced.

In several speeches in China, the Kremlin leader said that social unrest experienced by the Soviet Union and other Communist nations was a natural consequence of more liberal policies. He said democratization was crucial to the success of economic renewal.

While in Beijing, Mr. Gorbachev proposed the full demilitarization of the 7,000-kilometer (4,300-mile) Soviet-Chinese frontier, now guarded by about 600,000 Soviet and a million Chinese soldiers.

The largest section of the communiqué concerned Cambodia. China agreed to the summit meeting only after the Kremlin began pushing Vietnam toward ending its 10-year occupation of its Southeast Asian neighbor.

Soviet officials said that talks on the communiqué had bogged down over language about Cambodia, where China supports guerrilla forces, and in the end the two sides agreed to differ.

China repeated its support for a provisional government led by Prince Norodom Sihanouk, the head of the three-party guerrilla alliance, that would include both the guerrillas and the Hanoi-supported administration of Prime Minister Hun Sen.

The Soviet Union said only that internal problems, including preparations for general elections under international supervision, should be solved by the Cambodians themselves.

Beijing and Moscow agreed that a Cambodian civil war should be avoided after the Vietnamese withdrawal, now scheduled to be finished by Sept. 30, and that outside parties should gradually end military aid to the factions.

"Neither side would seek hegemony of any form" in Asia or elsewhere, the joint statement declared. China has long accused the superpowers, particularly the Soviet Union of trying to dominate weaker nations.

The statement also said that the normalization of relations was "not directed at any third country."

The United States, which in the past benefited strategically from the rift, has said that the Chinese-Soviet reconciliation contributes to regional and world stability.

While in Shanghai, Mr. Gorbachev met the city's Communist Party leader and mayor. He also toured the Minhang Special Economic Zone, a Chinese area open to foreign investment. *(AP, Reuters)*

MIAMI: *Virtue in 'Vice'*

(Continued from page 1)

shop), Miami Nice (a chiropractor) and Miami Slice (a luncheonette).

So, there is no disputing that "Miami Vice" had an effect on this city. What is still disputed is whether, on the whole, the image of Miami has been burnished or tarnished.

With a recent resurgence in crime and after a race riot in January, some Miamians say it is just as well that the show is ending, that maybe Miami is perceived as having a bit too much edge these days.

"The show fell into a pattern of one gorgeous location shot after another, palm trees and architecture," said Michael C.R. Collins, vice president for marketing of the Greater Miami Convention and Visitors Bureau.

"But if that beautiful moment turns into a bloodbath two out of five times, I'm not sure that imagery can any longer be deemed constructive for us."

Nor could the imagery sustain the fad for more than half a decade. For the last year or so, the show, which in its peak season was one of the nine top-rated programs on the air, has fared poorly nationwide in the ratings, coming in third among the three network offerings for the time period.

Even in Miami it has been running third lately, with Miamians tuning in instead to the story of another town, the soap opera "Dallas."

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OPINION

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Fitzwater Diplomacy

That brilliant foreign policy analyst, Marlin Fitzwater, has made another of the catchy little ripostes for which he is earning himself a name. This one was almost up to "So's your old man" as an example of wit, though not, of course, nearly so incisive as, say, "Your mother wears army boots." But he is coming along. Commenting on Mikhail Gorbachev's recent claim to have stopped supplying weapons to Nicaragua and also on the Soviets' current arms control initiatives, Mr. Fitzwater characterized the latter as "public relations gambits" and their author, Mr. Gorbachev, as acting in a "kind of drugstore cowboy fashion."

It is not necessary to believe that the Soviets are making truly negotiable moves, let alone sacrificial ones on arms control, or to take their word for it on Nicaraguan arms shipments, to believe that the Fitzwater one-line sneers are about as dumb a response to what the Soviets are doing as you could imagine. "*Doverai no proverai,*" as Ronald Reagan, no less, taught us all to say to the Russians in these situations — trust, but verify. Tonally and in logic this position was not only right, but it was light-years beyond the crude, thoughtless stuff that is coming from Mr. Fitzwater — just as tough, but not half as silly.

Mr. Fitzwater evidently spoke from what is called "guidance," that is, with the authorization of his bosses. Whether they actually thought up his wisecracks we don't know. What we do know is that at a time when the U.S. government 1) has a strong but politically difficult case to make for its cautious reaction to the Gorbachev moves and 2) is having trouble making that case convincingly to its restive NATO allies and to other friendly governments, the single most important attribute it must establish is its seriousness. It must establish that it is not reacting out of mere petulance or mindless habit or superficial one-upmanship, but out of an intelligent and reliable appraisal of what is going on in the Soviet Union and Eastern Europe and how the United States can best promote Western interests and values in relation to it.

The United States, given its web of alliances with political equals and its own governmental complexity — the checks and balances and other frustrating but invaluable features of a true democracy — can never match a country like the Soviet Union in ability to make sudden, dramatic political moves or to announce unilateral initiatives quickly as a means of manipulating international opinion. In some respects, it is at a basic disadvantage in contending with a politically agile man like Mikhail Gorbachev, especially when the issues he raises in his moves at home and abroad are so important and understood to be so around the world. The least the American government can do is not to compound the difficulty by leaving its critical responses in the hands of spokesmen with no gift for the subject.

— THE WASHINGTON POST.

Justice for the Speaker

People on both sides of the Jim Wright case suddenly seem eager to short-circuit the process of congressional self-discipline, thus depriving the House speaker, Congress and the nation of needed ethical clarity.

Some of Mr. Wright's colleagues, worried about an endless cascade of accusations, are starting to speculate that he is through, whatever the merits of his case. Meanwhile, lawyers for the embattled speaker have filed a motion to dismiss the case outright, contending that the facts, even when seen in their worst light, point to no violation of the rules. Neither the speaker nor the charges can be disposed of so summarily.

Mr. Wright is accused of evading limits on outside income by disguising speech fees as book royalties, and of accepting $145,000 in unreported gifts from a wealthy Texas friend. As to the book income, the speaker contends that House rules exempt book royalties from income limits "regardless of the circumstances under which they are received."

It is true that royalties are exempt, but it does not follow that Mr. Wright is immune from scrutiny: Did he honestly claim honorariums were reportable as book royalties? Mr. Wright's staff repeatedly changed speaking fees into payments for bulk sales of the speaker's paperback book. His staff even rejected payments tendered as honorariums — and had them re-labeled royalties.

Much harder questions arise from Mr. Wright's financial transactions with his friend George Mallick, a Fort Worth developer. The hardest question is whether Mr. Mallick had a "direct interest in legislation," thus activating reporting requirements and prohibitions on gifts. If not, the transactions, however unconventional and however much they enriched the speaker and his wife, may not have broken the rules.

The speaker and the entire House are entitled to clarity on this legal question. Mr. Mallick, who counseled his friend about savings and loan regulation and stood to gain if regulators were lenient toward one Texas lender, was neither a lobbyist, at one extreme, nor merely a civic-minded citizen, at the other. Perhaps he had a "direct interest in legislation" at some times but not others.

At his hearing Mr. Wright can contest the facts the committee has alleged, but these are not likely to change much. On their face, the book dealings appear evasions. He may claim ignorance about the royalty/honorarium payments, but that would open him to a charge of serious neglect, perhaps a charge of bringing discredit on the House.

The Mallick dealings will, at least, cause further embarrassment as the committee examines whether the speaker's wife earned her $18,000-a-year salary and other benefits from a joint business venture with Mr. Mallick and his wife. And the committee is not through examining an oil well transaction that brought Mr. Wright sudden profits exceeding $300,000, or apparent special treatment in a nursing home enterprise.

Even so, Mr. Wright is entitled to defend himself, starting with the argument over his legal motions. It might be prudent for him to step aside temporarily when the hearings begin. But with so many questions open, it offends a sense of justice for the charges to be withdrawn while the cloud remains, or for him to be pressed to resign before the legal proceedings are complete.

There will be time to render political judgments in the Wright case; first, let the legislators make their legal judgments.

— THE NEW YORK TIMES.

Other Comment

Of Hong Kong and Freedom

The results of two public opinion polls underscore the great challenge facing Britain and China over the future of Hong Kong. It is a challenge to create a mood of confidence in Hong Kong, which will lead to an act of faith by its people in the enduring nature of their existing lifestyle and rights after 1997. Many solutions have been suggested — ranging from British concessions on passports for Hong Kong residents to direct elections, legislation on human rights, and greater autonomy than promised in the Joint Declaration [by London and Beijing on the colony's future]. Whatever the means, the end result must be for Britain and China to foster a more positive environment.

The polls are firm indications that many Hong Kong people lack faith in the future of the territory. The first survey, on emigration, found that 11.5 percent intended to leave Hong Kong by 1997; this translates to 700,000 people, many of them professionals. Another 22.5 percent were not certain whether they would stay. The second poll reveals that political optimism has sunk to its lowest ebb since the signing of the Joint Declaration. Although economic confidence too is falling, it remains higher than four years ago, showing that political factors can be independent of prospects for prosperity.

The remedy is a combination of symbolic gestures and concrete actions to convince the people here that their concerns are understood by the Chinese and British governments. A Basic Law [for post-1997 Hong Kong] with a convincing level of protection for individual rights can allay some fears.

The poll findings will have been influenced by the student unrest in China. A peaceful, considered response to the student demands will indicate that the authorities are prepared to show tolerance. Dissent in China today is a critical test for Beijing, with clear implications for Hong Kong.

Britain has greatly disappointed many in Hong Kong by its failure to do more to assist the territory in dealing with the boat people crisis. In these critical times, Britain needs to demonstrate its continuing commitment to play a positive role in the evolution of the territory.

The people have a right to expect leadership and encouragement from both Beijing and London, and a clear recognition of Hong Kong's unique circumstances.

— South China Morning Post (Hong Kong).

The irony of the Chinese demonstrators' admiration for Mikhail Gorbachev cannot be lost on the Soviet leader. True, he has promulgated contested elections and allowed a level of public debate that Chinese intellectuals envy. But he has cracked down hard on nationalist dissent in the Caucasus, stoutly championed the monopoly of the Communist Party and never given reason to believe that he would tolerate a comparable takeover of Red Square in Moscow.

— The Baltimore Sun.

Europe's Multiracial Future

As the quality of life in the Third World has continued to deteriorate, Western Europe has experienced an influx of immigrants from ever more remote countries. In the long run, the causes of the refugee flow must be alleviated in the home countries through increased development aid. But even more important is that we Europeans must get used to the prospect of living in multiracial societies, just as we have accepted the presence of the Spanish and Italian immigrants of the '60s and '70s. It would be an illusion to think the problem will go away if the borders are closed and police controls toughened.

— Neue Zürcher Zeitung (Zurich).

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Assad: Kibitzing on Syria's Grand Master

By Patrick Seale

LONDON — In a replay of history, the Bush administration may be moving toward a confrontation with Syria's formidable Hafez Assad, the man who has made himself the main obstacle to what he sees as American and Israeli "conspiracies" against the Arabs.

President Assad does not want to fight the United States, yet he feels he must. His emotions about the United States are a compound of injured pride, regret and lost illusions became, at certain critical moments — with Richard Nixon in 1974 and with Jimmy Carter in 1977 — he placed extravagant hopes in the United States, only to be let down.

I had a rare opportunity to study the normally secretive Mr. Assad while researching a biography of him. In the past four years I spent some 40 hours of conversation with him. He is as immovable and implacable as ever, if not quite as dominant. He has an all-consuming passion for political chess-playing; he boasts that his years in power have upgraded Syria from plaything to player.

The central concept of Mr. Assad's political vision is that Israel is tirelessly seeking, by expansion, manipulation, brute force or subtle ploy, to bring under its sway the land mass between the Nile and the Euphrates. He derides other Arab leaders as fools for failing to grasp this.

His animus against men like Yasser Arafat or Major General Michel Aoun, boss of Lebanon's Christian enclave, is that parochial ambitions blind them to the big picture. His animus against Saddam Hussein of Iraq, his major Arab opponent, is that in taking on Iran he fought the wrong enemy in the wrong war at the wrong time, seriously damaging the wider Arab cause.

Mr. Assad is a man of total and obsessive dedication. He leads an ascetic, reclusive existence. Even his pet vices, cigarettes and oversweet Turkish coffee, were eliminated in 1984 when he collapsed from exhaustion. How has this shy, undemonstrative man managed to hold supreme power in Syria for 19 years?

The answer lies in his tyranny of the mind. Certainly he does not despise the weapons of fear and greed, and he has used violence as brutally as any of his adversaries. But his ascendancy over his party and army colleagues is essentially intellectual: He has been proved right so many times as to be unchallengeable.

His demonological view of Israel is, of course, reciprocated. The Israelis see him as the only enemy of stature left on the Middle East scene. In spite of the eye-catching *intifada*, the reality of the Middle East conflict is that it has narrowed to an Israeli-Syrian conflict.

Mr. Assad has an immediate cause for concern. He believes Washington is preparing to broker a separate deal between Israel and the Palestinians as a substitute for the comprehensive settlement of which he dreams. His suspicions are not wholly unfounded.

Israeli-PLO contacts, even negotiations, are indeed taking place through American good offices (and through less formal channels).

Mr. Assad is watching these developments with deepening gloom. Seen from Damascus, the PLO chairman is rushing headlong into Israel's arms. Mr. Assad has only scorn for Mr. Arafat. He sees him as a small-town politician dazed by the bright lights and unprepared for serious negotiations. He is convinced that Mr. Arafat will get nothing worthwhile from the hard-nosed Yitzhak Shamir — at the best some sort of neutered "entity" in Israel's shadow; and that such a deal, struck from weakness, will undercut Syria's position, fragment the Arab camp and consolidate Israeli hegemony.

An Israeli-Palestinian deal is, of course, a necessary condition for a Middle East settlement. But, Mr. Assad would argue, it is not a sufficient condition. Others in the ring will be vitally affected. If Israel and the Palestinians were to reach an understanding over the West Bank and Gaza, Israel would be under less pressure to settle Lebanon's claim to its southern province (where Israel has set up its self-styled security zone) or Syria's claim to the Golan.

Drawing By PANCHO C&W Syndicate.

But the heart of Mr. Assad's case is about whose will ultimately will prevail. What is the point, he argues, of Arabs recovering a piece of land here or there if they remain so feeble that Israel can infringe on their airspace when it pleases and hit them at will?

Hence his conviction that the only peace worth having is one based on a balance of power between Arabs and Israelis, on mutual deterrence, on what he likes to call strategic parity.

Mr. Assad does not want to be excluded from peace negotiations. On the contrary, his dream scenario is of facing the Israelis across the table with, ranged behind him and firmly in his own camp, such lesser players as King Hussein, Yasser Arafat and the Lebanese leaders.

Aware of Israel's interest in shutting him out, he recently has been signaling his readiness to enter the peace process. He now tells Moscow and Washington that he is not a warmonger or rejectionist. He sees no alternative to a political settlement of the conflict. He is not against peace, only against a "wrong" peace that would perpetuate Israel's hegemony.

But U.S. and Israeli policy today appears to be to weaken Mr. Assad by drawing the Palestinians into Israel's sphere of influence through a separate deal. Mr. Assad is still cast as the enemy who must be opposed and neutralized.

Mr. Assad has an elephantine memory and constantly broods over past moves. To his way of thinking, the latest threat he faces on the chess board is simply a replay of past games: In 1973-75, Henry Kissinger broke up the October War coalition of Syria and Egypt and lured Anwar Sadat into a separate peace. In 1977, Jimmy Carter genuinely wanted a comprehensive settlement to include Mr. Assad and the PLO, but was outplayed by Menachem Begin, Moshe Dayan and their American friends. In 1979, Mr. Carter ended up completing Mr. Kissinger's design of a separate Egypt-Israel peace, thus producing the profound imbalance in the region that allowed Mr. Begin to invade Lebanon in 1982.

Today, in what Mr. Assad sees as an ongoing conspiracy, the "deluded pawns" are Mr. Arafat and General Aoun, the first because of his flirtation with Israel, the second for daring to seek Syria's expulsion from Lebanon.

Mr. Assad has struck back in characteristic fashion. His ally, the Druze chieftain Walid Jumblat, has been charged with the disciplining of General Aoun (with help from Syrian gunners), while Mr. Arafat's Palestinian critics are preparing, with Syrian encouragement, to knock him off his bicycle if he races too far ahead.

Some would argue that Mr. Assad is so weak that he can safely be defied. They point to the shaky Syrian economy, to the defeat of Iran, a Syrian ally, in the Gulf War, to the Aoun and Arafat rebellions against Mr. Assad, to Mikhail Gorbachev's crippling domestic worries.

Yet, if there is a lesson to be learned from recent history, it is that attempts to finesse Mr. Assad or otherwise ignore Syrian interests lead to violence rather than to peace. When driven to the wall, his instinct is to fight, even to fight dirty.

Mr. Seale, a British journalist, is the author of "Assad: The Struggle for the Middle East." He contributed this comment to The Washington Post.

Some of China's Neighbors Were Happier Before

By Gerald Segal

LONDON — With the long-awaited meeting between the leaders of China and the Soviet Union in the past, attention will move away from the three obstacles that divided the Communist giants: the Afghan war, Chinese-Soviet border tensions and the Vietnamese occupation of Cambodia. For Asia and the Pacific, the Moscow-Beijing rapprochement has broad implications.

The new agenda in Soviet-Chinese relations will be a more balanced mix of cooperation and conflict. From a Western view, there will be positive and negative repercussions. Western interests certainly have benefited from a reduction of tension on the Korean peninsula, which Moscow and Beijing have encouraged. Japan is particularly pleased that North Korea seems less likely to upset the calm and prosperity developing in the region.

Détente between China and the Soviet Union helped induce Vietnam to promise to withdraw its forces from Cambodia by the end of September. This has eased pressure on some states in the Association of South East Asian Nations, notably Thailand, which shares a long border with Cambodia.

But détente between Beijing and Moscow may cause serious problems for some countries in Asia and the Pacific. Above all, China may now be freer to pursue irredentist claims. It used force last year to dislodge Vietnam from disputed islands of the Spratly archipelago in the South China Sea; this could be a taste of what a more assertive Beijing might do as Soviet deterrence declines. Who can stop China from taking other islands in the Spratly chain claimed by the Philippines and Malaysia?

If not the United States, who will defend Southeast Asian interests? Rising Chinese power may prompt Japan to strengthen its security forces, despite fears in Asia of a rearmed Japan becoming a regional policeman.

Japan's fate is of greatest concern as East Asia assesses the normalization of Chinese-Soviet relations. If the Soviet Union turns its attention to Japan as the next target of the Gorbachev charm offensive, Tokyo may be inclined to strike a deal. At a time of unremitting American criticism of Japan, improved Soviet-Japanese ties would give Tokyo additional leverage in dealing with Washington.

And an improvement in Soviet-Japanese relations would make it harder for the United States to justify keeping large numbers of troops in South Korea. Removing some of them would please certain members of the U.S. Congress, but it would reinforce the perception in East Asia of the United States as a declining power. The same processes might affect U.S. bases in the Philippines.

Closer relations between China and the Soviet Union may also force an adjustment in the economic and political shape of Asia and the Pacific as a powerhouse of the next century.

It has long been argued that the socialist world will adapt to the capitalist marketplace and that the future of the Pacific basin will be a triumph for market principles. But China, the Soviet Union and reformist socialist countries have a different view. Closer cooperation between leading socialist states would enable them to change the rules of the wider Pacific game. China's negotiation for membership in the General Agreement on Tariffs and Trade, or GATT, suggests that socialist states can gain acceptance to non-socialist clubs by pretending to observe capitalist rules while remaining basically command economies.

Japan and most of the industrialized or rapidly industrializing states of East Asia have never been believers in free trade, despite espousing free market rhetoric. Central planning has long been a major component of their domestic markets.

These Asian countries would have less trouble than would the United States or Western Europe in living with a trading system in the Pacific redefined to suit the interests of socialist powers.

The writer is a research fellow at the Royal Institute of International Affairs in London and editor of The Pacific Review. He contributed this comment to the International Herald Tribune.

Afghanistan: Both Sides Must Halt Military Aid

By Anthony C. Beilenson

WASHINGTON — The Bush administration missed an important opportunity to bring an end to U.S. involvement in Afghanistan when Secretary of State James Baker failed to pursue the subject during his visit to Moscow. Supplying military aid to the Afghan rebels is no longer in America's interest, now that the Soviets have withdrawn. If the administration will not cut off this aid, then Congress must do it.

The original U.S. goal in arming the rebels was clear: to help the indigenous resistance forces oust the occupying Soviet army. It was an instance where U.S. intervention in the affairs of another nation was clearly the right thing to do.

To the surprise of many in the international community, U.S. intervention worked. Ten years after the Soviet army occupied Kabul, its troops retreated across the border — a victory for the Afghan people and the United States.

But now that America has achieved its goal, it ought to get out of Afghanistan before foreign policy success turns into a disaster. By continuing to send weapons to the rebels, America risks all the benefits it has gained, since the Afghans are beginning to turn their anger — once directed at the Soviets — toward the United States for helping to prolong the war and the killing.

The Afghan resistance has never been a unified political movement but rather a loose coalition of at least seven factions that often are paralyzed by infighting and squabbling. By providing aid selectively to the bickering factions, America undermines the rebels' struggling efforts to forge a consensus in military or political strategy, and stirs up anti-American sentiment.

Moreover, some of the largest and best equipped factions are made up of Islamic fundamentalists whose goals for a new Afghanistan are in stark contrast with America's.

Ultimately, of course, America would like to see a broad-based popular government in Kabul, with prospects for long-term stability and a friendly view toward U.S. interests in Southwest Asia. But Washington has no business telling the Afghans what kind of government to establish.

Of course, U.S. aid to the rebels is not the only issue. Soviet military support to President Najib's regime is also a serious obstacle to Afghan self-determination. The Bush administration should be negotiating with the Soviet Union for a mutual cutoff of all military aid to Afghanistan.

The writer, a Democrat of California, chairs the House's Permanent Select Committee on Intelligence. He contributed this to The New York Times.

Noriega May Have Learned From Thieu

By Allan E. Goodman

WASHINGTON — In the summer of 1971, I met with a group of senior South Vietnamese military officers to discuss replacing their commander-in-chief, President Nguyen Van Thieu. The officers wanted an alternative to Mr. Thieu, who by then had alienated many in Washington as well as Saigon.

The Vietnamese commanders were (correctly) afraid that the United States would not support Mr. Thieu over the long period they thought would be required to win the war and rebuild South Vietnam. They also feared (again, correctly) that Mr. Thieu would continue to promote only those loyal to him, leaving the military commanded by incompetent sycophants. By this point, Mr. Thieu had:

- Arranged for the assassination of some top rivals and the intimidation of many others.
- Rigged the scheduled presidential election so that even pro-government opposition candidates withdrew.
- Amassed a fortune in gold from opium trading and payola.

Sound familiar?

While Mr. Thieu was probably not involved in drug trade to the extent General Manuel Noriega of Panama is said to be, he was as corrupt and as difficult to remove. The meeting with the South Vietnamese officers helped me to understand why.

In South Vietnam, as in Panama today, political power came out of the barrel of a gun. The military controlled the guns, and Mr. Thieu had astutely taken control of the army and police forces. He was the first South Vietnamese leader (after seven failures) to have done so since the assassination of Ngo Dinh Diem in 1963.

Mr. Thieu, like General Noriega, had learned what his predecessors had not: Control of the military depended on loyalty, and loyalty could be bought, but it also had to be maintained. This required devising a system that not only made Mr. Thieu rich but also provided benefits that flowed from the top down.

Most dictators forget this and seek only to amass their own fortune. This makes them easier to overthrow. Often, such dictators are removed by "brother officers" because there is no real loyalty to the person at the top. As I learned from the South Vietnamese officers, Mr. Thieu had created a system that gave every loyal officer a stake in his continued hold on power. While each had to pay a bribe to remain in office or command, Mr. Thieu allowed each, in turn, to exact a bribe from his own subordinate officers. Mr. Thieu got half of what [illegible]. But the rest could be [illegible] those interested in a change looked for support, there were Thieu loyalists and spies poised to thwart any attempt at change. And despite the fact that the U.S. government had succeeded in bugging the offices of Mr. Thieu and his closest advisers — and knew of most of their plans to silence any opposition — neither American military power, economic sanctions, nor covert action succeeded in replacing Mr. Thieu with an honest and capable leader. When South Vietnam fell to the North Vietnamese in April 1975, it was Mr. Thieu who gave the ill-fated order for the generals and colonels to abandon the retreating army.

General Noriega is proving equally tenacious. He is a smart dictator who apparently knows how to buy and maintain loyalty. And thanks to lucrative drug deals, he has the funds to do so. So he is not likely to be removed from power easily, quickly or as a result of U.S. policy — no matter how measured or aggressive.

The lesson is that clever dictators are hard to dump. The time to distance U.S. interests from them is not when they violate human rights and nullify elections but from the very beginning.

The writer, associate dean of the Georgetown University School of For[illegible] Service, was a State Department [illegible]sultant in the 1970s. He contributed [illegible] to the Los Angeles Times.

U.K. Labor: How a Party Can Revive

By David S. Broder

LONDON — For the past 10 years, there has been a steady traffic of Republican politicians to London and Conservative politicians to Washington, as operatives in the winning parties of the two old allies swapped tricks of the trade. Now, for the first time in the 1980s, it looks as if the opposition Laborites may have something to teach the Democrats.

Neil Kinnock and his colleagues have won approval of the party's national executive committee for a policy paper that came out of the party's review the Labor Party leader ordered after Labor suffered a third successive defeat at the hands of Margaret Thatcher in 1987. From this policy statement, it is clear that Mr. Kinnock has turned a corner in making Labor a more credible alternative to the Thatcher government.

Gone are the pledges of unilateral disarmament, of early removal of U.S. nuclear bases from Britain, of widespread renationalization of the industries the Conservatives sold to private investors. Gone, too, is the dogmatic opposition to sale of public-housing units to their tenants — perhaps Mrs. Thatcher's most popular social policy.

At some cost to his own consistency and avowed principles, Mr. Kinnock has erased most of the elements that caused one wit to call the 1983 Labor platform "the longest suicide note in history." It was the policy embedded in that platform and the prospect of the election debacle it produced that drove many notable figures from the party's right wing to quit Labor in 1981 and form the Social Democratic Party as a new "third force."

In place of that platform, Mr. Kinnock and his allies have advanced a foreign policy resembling that of West Germany's Kohl-Genscher conservative coalition and a domestic policy that smacks more of welfare state capitalism than of doctrinaire socialism.

Now it is the left-wingers in Labor who are screaming "betrayal" at Mr. Kinnock and threatening to overturn his handiwork at the party conference this fall. But their bark is worse than their bite. Labor's rank-and-file are hungry for victory and there is a sense that Mr. Kinnock's newfound pragmatism may point the way.

It will not be easy. The Conservatives have entrenched themselves in the London suburbs and all of southeastern England in a fashion that resembles the grip Republicans have had on the South in the last three U.S. presidential elections. And Mr. Kinnock suffers a bit from the reputation of being too much an intellectual lightweight to fill No. 10 Downing Street.

But he is gaining respect for his political acumen. As Mr. Kinnock has risen, the [illegible]-totter has dramatically dropped for his great rival for de facto leadership of the forces opposing Mrs. Thatcher, David Owen. Mr. Owen was the most charismatic of those who led the Labor exodus and the founding of the Social Democratic Party. Many thought him the man most fit to succeed Mrs. Thatcher as prime minister should the political balance shift slightly leftward.

But over the weekend, Mr. Owen admitted publicly that the Social Democratic experiment had gone bust. The party has only 11,000 members, he said, and cannot afford to compete on a national scale in next month's European Parliament elections or the next general election.

Paddy Ashdown, who leads another centrist faction composed of the old Liberal Party adherents and some Social Democrats, is a novice in the job and so far has impressed no one.

So Britain appears headed back to two-party politics, with Labor once again a credible alternative. For reporters like myself, who have come to believe that there is a clear parallel in the forces operating in British and American politics, the development is a significant one.

It is as if a Ted Kennedy without his personal problems had rounded on the left wing of the Democratic Party and said, "We're not going to let you push us into defense and domestic policies that doom us to another defeat." But Mr. Kennedy is not the leader of the Democrats; no one is. And the party now has no vehicle for undertaking or forcing a review of the policies that have crippled it in the last three campaigns. All that must be postponed until the 1992 presidential primaries.

Mr. Kinnock and Labor have sent a clear signal that they have learned a lesson from their three defeats and have taken steps to make themselves competitive. If the British-American parallels of the past decade hold, Republicans should not be too complacent about the next phase of American politics.

The Washington Post.

100, 75 AND 50 YEARS AGO

1889: Dumas's Helper

PARIS — There is at present being tried before the Civil Tribunal of Rambouillet a case of the most interesting nature in which reference is made to Alexander Dumas *père*. The "last will and testament" of Auguste Maquet, a writer who died at the beginning of 1888, is the pivot on which the case turns. Maquet was a collaborateur employed by Dumas. In his last instructions to his heirs, Maquet wrote that it was their "duty to let the reading public know what an immense share I had in the production of some of Dumas' most celebrated works." He claims he wrote "the best part" of "Monte Cristo."

1914: Peruvian Election

LIMA — The *Herald's* correspondent cables that Senor Roberto Leguia has issued a proclamation claiming to have been elected to the Presidency of Peru by a full congressional quorum of 83 deputies and 38 senators who assembled secretly at Senor Leguia's residence. Senor Leguia requests recognition by the diplomatic corps and credit institutions. Quiet prevails in the city. General Benavides is in firm control of the army.

1939: Parade in Spain

MADRID — Madrid, once more the capital of Spain, will write the epilogue of the nearly three-year Spanish civil war tomorrow [May 19] when it will be the scene of the great victory parade in which a quarter-of-a-million Nationalist combatants will march past their leader, hailing him with the cry "Viva Espana!" The parade, which is expected to last from 9 a.m. to 3 p.m., will be followed by a banquet at which General Francisco Franco, the victor of the Republican government, is expected to make an important speech in which he will outline the position of the new Spain in the world and the program of its new government.

OPINION

Stop Smiling About the Long Démarche

By William Safire

WASHINGTON — Have you noticed how everybody confidently asserts that the end of the 30-year ideological war between Moscow and Beijing is a great boon for mankind?

State Department spokesmen say "we would welcome any steps that would reduce tensions"; sound-biting members of Congress join the chorus to reassure Americans that the Red reunion is "not detrimental to our interests"; The New York Times headlines that the United States is "Unfazed by Soviet-Chinese Thaw"; hordes of journalists swelling the throng at Tiananmen Square eagerly spoon out Dr. Gorby-Deng's Not-to-Worry Strategic Soothing Syrup.

Even Henry Kissinger, consulting architect in Richard Nixon's "triangular diplomacy" — which daringly exploited the chasm in the Communist world — writes in Newsweek that we "should not be unduly alarmed" by the visit marking the end of the affair.

I'll go along with not being unduly alarmed if I can get a few hardy souls to join in being duly alarmed. For free nations, the Chinese-Soviet rapprochement is not a net plus. We should stop smiling bravely and pretending that our hand is stronger without the China card in it.

Example: Since the fall of the shah in Iran, China has been the main land source of electronic intelligence about the Soviet Union, as useful to the CIA as Cuba is to the KGB. The United States pays too much in technology transfers to China for these supersecret bases, but the military apparently insists the information is vital to America's "national means" of verifying the extent of Soviet cheating on arms treaties.

With the end of active hostility between Moscow and Beijing, you can be sure Mikhail Gorbachev privately raised with Deng Xiaoping the subject of curtailing or compromising this American countersurveillance.

In regional politics, the new cordiality bids foul to consummate the most cold-blooded miscarriage of justice in our time: The Soviets and their Vietnamese allies are under pressure to accede to Chinese demands that Cambodia be returned to the self-genocidal Khmer Rouge. This is analogous to bringing Hitler back to Europe.

The rapprochement of Soviets and Chinese also paves the way for the reunification of Korea. The Soviets support North Korea, but have quietly been encouraging the Hungarians to trade heavily with the South Koreans. Object: merger of the peninsula, and the ejection of 40,000 American troops.

The pre-Gorbachev Chinese liked having the Americans around in South Korea; the Americans are their Asian counterweight to the Russians, who are projecting their strength into the Pacific from the Cam Ranh Bay naval base provided by China's rivals, the Vietnamese.

It is no Occident, as Asian Communists say, that U.S. troops have been welcome: The unstated but primary purpose of the American military presence in South Korea is to protect Japan from Soviet intimidation. In a few more years of Chinese-Soviet cooperation, America may be finessed out of the Far East entirely and Japan will be militarily isolated.

Now we're into the military fallout of the reunion. An end to Chinese-Soviet hostility should mean a reduction in Soviet troop strength in the Far East. If those men are mustered out of the Red Army, or transferred westward as replacements, the economic pressure on Moscow to reduce conventional forces in or near the European theater is lessened. And economic pressure is the name of the arms-reduction game.

Let us not delude ourselves, then, into believing that this long démarche is inconsequential, or is somehow good for the West on the naive assumption that power politics is no longer a zero-sum game. A continued Communist split would better serve the cause of peace and freedom.

What may be good in the Gorbachev visit, and what may overwhelm the misgivings of realists and justify the conventional euphoria, are the unintended consequences: The Chinese students' excuse to welcome glasnost in a sustained rally more effective than a riot, and Mr. Deng's need not to crack down on a million protesters with the whole world's eyes on Beijing.

If — a big if — the crowds of freedom-seekers were to reach a critical mass, or if repression were triggered that spills blood without gaining control, the Great Chinese Counterrevolution might soon be under way. In that case, reverberations would be felt in Warsaw, Budapest, Tbilisi, Kiev and Moscow. That is why Gorbachev castigated Chinese "hotheads."

By all rational standards, the Chinese-Soviet summit meeting is a historic advance for Communist leaders in both countries and a setback for freedom — unless it leads to communism's crack-up. Only in that unlikely case would it be "not detrimental to our interests."

The New York Times.

Ooh-La-La Paree: It's Funny, but No One Lives There

By William Pfaff

PARIS — Bob Hope came to Paris a few days ago to tape a television broadcast. He is, we all appreciate, an American national monument. His timing is still great but his jokes about Paris were older than he is, evidence of the iron endurance of national stereotype.

They were all about ooh-la-la Paree, sexy Pigalle, crazy painters and nude models, shopkeepers avid for American dollars, expensive restaurants, rich food and reckless Paris traffic. All that was missing was the can-can and a midget playing Toulouse-Lautrec. His monologue could as well have been delivered in 1949 as 1989 (and probably was). It would not have needed much change to have been given in 1889.

Never mind that Pigalle is now a sordid district of Arab and African prostitution. Montmartre's last period of glamour in the Belle Epoque. Never mind that the big-spending American tourist long ago was pushed aside by his Japanese rival, and that the dollar had been weak until late (that is why the French, as well as the British and Japanese, have bought up so much American industrial plant and real estate).

Never mind that France lives off high-tech exports and selling Airbuses and satellite launches, and that most Parisians consider tourists a nuisance. To Americans, Paris will always be the same.

However annoying this may be to the French, they have their own stereotypes of America: an incoherent mixture of jazz, cowboys, Harlem in the 1920s, Manhattan towers and laid-back California.

It is impossible to convince them that Richard Nixon is not the victim of a political conspiracy. It was useless to tell them that Ronald Reagan was not a cowboy, just a radio announcer from Des Moines who went to Hollywood. They liked the idea of him as a cowboy. It fit the stereotype.

An American tourist in London was quoted last week as saying that England is wonderful because the people there speak English, which seems fair enough, but he then added that he supposed the people on the Continent, where he had not yet been, would be less friendly because they "are jealous of Americans."

Rare, in my experience, is the Continental European who envies Americans. I suppose there are English who do, because the connections are closer there, and in the poorer fringes of Mediterranean Europe, and in Eastern Europe, the idea of American wealth and opportunity unquestionably survives.

The French or Germans, though, would never dream that Americans are to be envied for the way they live. The French consider Americans badly educated, miserably fed, humorless, puritanical, devoid of social graces, deprived of romance and probably of proper sexual relationships and terrible at bringing up their children.

They and the other West Europeans read in their newspapers about the cost and chaos of American health care, the precariousness of American jobs, the shambles of American public transport and public services, the horrors of the American inner city, and they wonderingly ask how Americans can put up with all of this.

The European image of America today is far from what it was in the 1940s and 1950s, but one must also ask whether the very favorable picture then was

MEANWHILE

not exceptional, and today's views closer to what Europeans had before seen, or wanted to see, in America.

The pioneer, plain-spoken image we Americans have of ourselves translates into a foreigners' view of the United States as a fairly primitive place (and a violent one; which American television exports emphatically confirm). That is the opinion Europeans held a century and a half ago when Mrs. Trollope and Charles Dickens wrote about what they had found, and disliked, in their American tours.

The poet Charles Baudelaire thought "Americanization" a symptom of the end of civilization. Chateaubriand, another Frenchman, wrote after a brief visit to the United States in the 1820s, "It is no use looking in the United States for qualities which distinguish men from other species of creation." Early in this century, D.H. Lawrence wrote that American art stands for "destruction, decomposition, mechanization of the fallen degrees of consciousness."

It would be nice if people would try to see one another plain, without the baggage of cultural prejudice and popular stereotype — of naughty Paree for Americans, smelly Froggies for the British, Cowboy America, comic-opera (or Mafia) Italy, Danny-Boy Ireland. Those images are comforting but dangerous, sparing us from confronting what is really there.

Such stereotypes influence serious judgment, in the absence of better information — and in the United States foreign correspondence and television coverage of international affairs have declined in recent years. Press and television now focus all but exclusively on transient threat and disaster.

Current American press practice often shifts correspondents from country to country so they won't "go native" and will always see things through American eyes. This guarantees the perpetuation of stereotypes. Americans these days look at the world through tourists' eyes because the professional observers have all but abdicated.

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LETTERS TO THE EDITOR

America Needs This Forum to Bolster Its Ties to Europe

I recently attended ceremonies to commemorate the 40th anniversary of the Council of Europe, Europe's oldest postwar institution and a vital instrument of Europe's new integration. Sadly, I was one of very few Americans there. My European friends were not surprised. The low U.S. presence at the event was not a matter of diplomatic error or administrative understaffing. It reflected a wider malaise: a drifting away from Europe at a time when the Continent is moving new directions.

Traditionally, the American view of Europe has been divided into two extremes: Europe as a group of diverse and unrelated nation states, and Europe as a collective political and economic power. With the recent publicity surrounding the European Community and the plan for a single market in 1992, America has emphasized the latter perspective.

This dual vision has led to a good deal of confusion. Now, more than ever, it is debilitating. Economic and security issues are being brought together in new ways. The questions which lie ahead are significant. Will America continue its present levels of support for NATO? Will a wealthy European Community pay for its own defense? Will East-West trade grow, and how does this affect the security relationship? It is a critical time for dialogue. But dialogue is sadly lacking.

America needs to be able to focus upon developments within a broad range of European spheres. It also needs to be able to anticipate European events. One practical means of achieving this would be to establish a stronger presence within the Council of Europe. The Council, with 23 member nations, is the largest forum for policy recommendations within Europe. The 340 members of the Parliamentary Council are important representatives in their home governments. They are an excellent barometer of European opinion and are involved in the shaping of government policies. The council has contributed significantly to European policy in areas such as international law, health, education, the environment and transportation.

The Council of Europe also offers America a potentially useful forum for stressing common values and identity — what was once referred to as "Atlantic unity." An increasing number of European leaders find themselves questioning American understanding of the changes occurring in Europe, particularly with regard to East-West relations. At the same time, U.S. leaders are increasingly questioning the relevance and commitment of certain European groups to the Atlantic alliance.

The United States cannot afford to view events in Europe from the perspective of an outsider. American leaders must develop long-range strategies in conjunction with European leaders. Day-to-day cooperation and dialogue are the only methods through which the United States can help to shape European events.

American ideas can and should have an influence over the changing face of Europe, just as European ideas must be continually built into the American consciousness. This is a heritage of political ideals and shared values. It must not falter.

ELLIOTT KULICK.
Washington.

The writer is director of the National Democratic Institute for International Affairs and the Center for Democracy in Washington, and a member of the Royal Institute for International Affairs and the International Institute for Strategic Studies in London.

The French Have Changed

Regarding "Europe Will Confederate and Try to Trust Moscow" (Opinion, May 2):

William Safire says France seeks to dominate the European Community along "socialist lines" — with "job security sclerosis and farm subsidies." This is just a new formulation of the old cliché about France's chauvinism. It is no longer true. The French, especially the young, see themselves now as Europeans first.

Mr. Safire refers to "socialist stagnation." France's gross domestic product is far greater than that of Britain, and its inflation rate is lower.

CHARLES STARR.
Nice.

Remember, Turkey Paid

The opinion column "Debt Lesson From the Ottomans" *(April 28, by David Ignatius)*, ignores that the debts of the Ottoman Empire were paid to the last kurus by the young Turkish Republic. Overlooking this could contribute to an already existing unjust prejudice.

AYHAN ENGINAR.
Damascus.

The Saudi Boom Is Over

Regarding "Saudis Succeeding Where Others Failed" (April 18):

The report says that "virtually all Saudi citizens enjoy benefits unparalleled in the world." This might arguably have been true 10 years ago, but it is not true now. During the past two years Saudi Arabia has been suffering from what the people call *al-sheddah*, or hardship, a far cry from the economic boom of days gone by.

ASKAR H. ENAZY.
Cambridge, England.

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ASIAN TOPICS

In Today's Beijing, Bikes Can't Be Beat

The bicycle has been Beijing's most efficient form of transportation during these extraordinary spring days, Michael Dobbs of The Washington Post reports. On foot it would take hours to cross the sprawling capital, while cars are stuck in traffic jams and stopped at roadblocks. For reporters covering both the current pro-democracy demonstrations and the first Chinese-Soviet summit in 30 years, a bicycle, rented for five yuan, or $1.50 a day, has been indispensable.

The demonstrations have enabled the people of Beijing to practice the art of bicycling and holding up a banner at the same time. Truly experienced protesters let go of their handlebars for extended periods to wave a red flag while pedaling and singing the Internationale, the communist anthem. Some can even manage a respectable turn signal as well.

Around Asia

Now that China and the Soviet Union have formally restored friendly relations, the 14,000 Chinese who studied in the Soviet Union during the 1950s form a core of Russian-speaking experts who are moving into high positions in government, academia and business. They are likely to play important roles in cementing a better Chinese-Soviet relationship, the Los Angeles Times reports from Beijing. The highest-ranking among them is Prime Minister Li Peng, who studied at the Moscow Power Industry Institute from 1948 to 1954. Mr. Li, 60, stoutly denies suggestions that he is pro-Soviet. "If you follow that kind of logic," he said last year, "you may think that China will have a pro-United States government in 20 or 30 years, because it now has some 20,000 students in the United States."

Vietnamese boat people, ignoring a harsh new forcible repatriation policy adopted to discourage them from coming to Hong Kong, are pouring in at a rate of 2,000 a week, the largest influx in a decade, The New York Times reports from the crown colony. Boat people, who numbered 16,000 last June when the colony adopted its new policy, reached 32,000 last week. Officials expect that number to top 50,000 in the next three months, for most boat people arrive during the summer, sailing on seasonal winds. Their numbers may be further swollen this year by increasing numbers of Vietnamese who are making their way overland from China.

A Singapore political prisoner, Chia Thye Poh, was released conditionally this week after more than 22 years in detention without trial under the Internal Security Act. Mr. Chia, 47, was believed to be the world's second-longest-serving political prisoner, after South Africa's Nelson Mandela, imprisoned 26 years for sabotage. Mr. Chia will not be allowed to address public meetings or take part in political activities without permission. A former Socialist Front member of parliament, Mr. Chia had been held since 1966 for activities allegedly aimed at destabilizing the government, which said he had Communist affiliations.

Engineers in India have transplanted a cluster of 20 ancient temples to a new site in an archaeological feat that took 10 years. The temples, some of them 1,000 years old, are dedicated to the Hindu god Siva. They were dismantled and moved from the banks of the Krishna river, where they were endangered by flooding because of a new hydroelectric project, to a safer site 2 kilometers (1.2 miles) away in a southern district of Andhra Pradesh state.

Arthur Higbee

Japan Agrees to Monitor Net Fishing

By Philip Shabecoff
New York Times Service

WASHINGTON — The United States and Japan have reached a tentative agreement to monitor huge fishing nets used in the North Pacific, but members of Congress, fishermen and environmentalists have assailed the agreement as inadequate to protect marine life.

Administration officials said the agreement was the best that could be reached with Japan and would at least begin the process of determining how the nets, some of them 35 miles (55 kilometers) long, affect marine life.

But at a hearing of the Senate Commerce, Science and Transportation Committee, members of the panel and witnesses said the number of monitors was too small to provide statistically valid information and called for rejection of the agreement. If a stronger agreement cannot be reached, the opponents said they would want sanctions imposed.

Commercial fishing fleets from Japan, Taiwan and South Korea now are deploying lightweight nets that drift through the ocean to catch squid. There are about 800 vessels in the nations' fleets in the North Pacific, setting more than 30,000 miles of net a night, enough to more than circle the Earth, as one witness said Wednesday.

Environmentalists and American and Canadian fishermen contend that the nets are taking millions of salmon and steelhead trout from North American waters in violation of international agreements, as well as entangling and killing tens of thousands of porpoises, seals and other marine mammals and hundreds of thousands of sea birds.

The monitoring agreement, which Washington negotiated under a 1987 law, would permit several dozen observers to sail on some vessels of Japan's squid fleet to determine what is being caught in addition to squid.

Commerce Secretary Robert A. Mosbacher has until June 29 to approve or disapprove the agreement. That is the deadline set by the Drift Net Act of 1987 for reaching monitoring agreements with Japan, Taiwan and South Korea.

If agreements are not reached by then, the commerce secretary must certify those nations as being in violation of an international fisheries agreement on catches, a decision that would empower the president to bar imports of marine products from those countries.

Several senators, representatives of fishing groups and conservationists called for steps that would lead to the outlawing of drift nets.

"A fundamental pirating of the oceans is going on," said Senator John Kerry, Democrat of Massachusetts, "and not only economic goods, but the entire ecosystem is being damaged."

The senator added that the agreement with Japan would only ratify the "permissiveness" that has allowed the Asian fleets to strip marine life from the ocean.

The target of the negotiations, Mr. Kerry said, should have been a plan to phase out drift net fishing.

Under the tentative agreement, 32 Japanese, 9 American and 5 Canadian observers would be placed on board vessels of Japan's squid fleet this year, Deputy Assistant Secretary of State Richard Smith, who negotiated the agreement, told the Senate committee. The Japanese North Pacific squid fleet has about 470 vessels.

Mr. Smith said the Japanese also agreed to double the number of days it sends patrol vessels to the northern boundary of the squid fleet's permitted fishing area, to be sure the fleet is not venturing into waters reserved for North American fishermen.

THE INTERNATIONAL HERALD TRIBUNE AND THE OIL DAILY ARE PLEASED TO ANNOUNCE A MAJOR NEW CONFERENCE

OIL & MONEY
ASIA and The PACIFIC
SINGAPORE, JUNE 14-16, 1989

THE PROGRAM

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Dennis O'Brien, Chief Economist, Caltex Petroleum Corporation, Dallas
Philip Verleger, Visiting Fellow, International Institute for International Economics, Washington D.C.
THE ENVIRONMENTAL CHALLENGE
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Dick van Hilten, Chairman and Chief Executive, Shell Companies, Singapore.
The Role of a Refiner in the Asia-Pacific Region
Robert Reed III, President and CEO, Pacific Resources Inc., Hawaii.
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Dr. D.S. Hur, Executive Vice President, Honam Oil Refinery Co. Ltd., Seoul

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OUTLOOK FOR ASIA-PACIFIC PETROCHEMICAL INDUSTRY
Carl Steinbaum, Director, International Business Planning, Inc.
PETROCHEMICAL INDUSTRY PERSPECTIVES
United States:
James E. Fligg
Group Vice President
Chemical & Specialty Products
Amoco Chemical Company
Japan:
Takashi Toyoda
Managing Director
Mitsubishi Petrochemical Co., Ltd.
Singapore:
M. Yokostuka
Managing Director
Petrochemical Corporation of Singapore
Malaysia:
Speaker to be announced
Thailand:
Pala Sookawesh
Deputy Governor for logistic and Refining
Petroleum Authority of Thailand
Taiwan:
Dr. Wenant P. Pan
Director, Corporate Planning
Chinese Petroleum Corporation
Indonesia:
***Mr. Kartiyoso**
Division Head
Pertamina
PETROCHEMICAL STORAGE AND SHIPPING
Paul Deldar
Managing Director
Van Ommeren Terminal (Singapore) Pte. Ltd.
* Invited

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Thursday's NYSE Closing

Via The Associated Press

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
Avon	58159	34⅛	33	33	−7⅛
RJR pf	29639	22⅝	22¼	22⅜	
AT&T	27432	35⅛	34⅝	35	+ ⅜
GenEl	26771	53½	52¾	53¼	+ ¾
EKodak	20979	44⅛	43⅛	44½	+1
CanPc g	19717	18½	18⅛	18⅜	
UCarb	17480	27½	27	27¼	− ½
IBM	17425	112½	110⅝	111⅞	+ ½
TexUtil	16563	30⅝	30¼	30½	
AmExp	15013	33⅛	33⅛	33¼	− ⅜
Exxon	13894	43⅞	42¾	43¼	+ ⅜
Sears	13872	47⅛	46⅞	46⅞	
IntPap	13465	50	48⅞	49¼	+1¼
FedNM	13381	80⅛	76⅜	80½	+2¾
Repsol n	12596	17¼	16⅝	17⅛	+ ⅛

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	89.95	+ 0.31
Utilities	90.10	+ 0.26
Industrials	89.79	+ 0.35

Market Sales

NYSE 4 p.m. volume	177,480,000
NYSE prev. cons. close	231,471,560
Amex 4 p.m. volume	13,270,000
Amex prev. cons. close	13,230,000
OTC 4 p.m. volume	163,451,600
OTC prev. 4 p.m. volume	169,987,000
NYSE volume up	90,737,500
NYSE volume down	57,297,400
Amex volume up	7,106,600
Amex volume down	3,202,800
OTC volume up	n.a.
OTC volume down	n.a.

NYSE Diary

	Close	Prev.
Advanced	824	957
Declined	656	514
Unchanged	515	527
Total Issues	1995	1998
New Highs	161	195
New Lows	21	18

NYSE Index

	High	Low	Close	Ch'ge
Composite	177.48	176.61	177.29	+ 0.31
Industrials	214.22	213.18	214.00	+ 0.25
Transp.	169.67	168.56	169.30	+ 0.19
Utilities	85.18	84.78	85.18	+ 0.31
Finance	148.01	147.40	147.83	+ 0.01

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
May 17	487,200	591,860	4,627
May 16	476,256	614,089	2,592
May 15	471,519	638,427	20,348
May 12	600,872	623,292	6,879
May 11	261,288	528,477	65,483

*Included in the sales figures

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2457.48	2482.77	2448.86	2470.12	+ 7.69
Trans	1139.23	1148.93	1133.09	1141.82	+ 1.13
Util	197.84	199.98	197.21	199.21	+ 0.77
Comp	937.24	946.46	933.54	941.50	+ 2.44

AMEX Diary

	Close	Prev.
Advanced	307	354
Declined	285	252
Unchanged	286	282
Total Issues	878	888
New Highs	56	48
New Lows	13	7

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	366.22	363.79	365.47	+ 0.58
Transp.	264.90	263.07	263.84	+ 0.17
Utilities	130.02	129.31	129.97	+ 0.35
Finance	29.46	29.29	29.41	Unch.
SP 500	318.52	316.54	317.97	+ 0.49
SP 100	298.25	295.96	297.65	+ 0.74

NASDAQ Index

	Close	Ch'ge	Week Ago	Month Ago
Composite	439.81	+ 1.29	430.63	421.51
Industrials	436.33	+ 1.79	426.96	415.10
Finance	508.85	+ 1.14	503.58	500.73
Banks	460.59	− 0.20	457.89	458.84
Insurance	483.81	+ 1.81	476.01	481.48
Utilities	673.38	− 0.83	643.93	614.74
Transp.	415.43	+ 1.21	407.81	408.30

NASDAQ Diary

	Close	Prev.
Advanced	1,028	1,100
Declined	923	895
Unchanged	n.a.	2,446
Total Issues	n.a.	4,441

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
WangB	7482	8⅝	8⅛	8½	+ ¼
OMI	7060	9⅝	8¾	9⅝	+ ⅝
DataPd	4817	13⅞	12⅝	13⅛	− ⅝
BAT	4763	9⅛	9	9⅛	+ ⅛
DWG	4385	14⅛	13⅝	13⅞	+ ½
EchoBy	3751	13½	13¼	13⅜	
NY Tim	2486	30⅞	30⅛	30⅝	+ ⅛
Amdhl s	2462	21⅝	21½	21½	− ⅛
TexAir	2422	13⅛	12⅞	13⅛	− ⅛
FruitL	2417	10⅛	10⅛	10⅛	
KentEl	2215	7⅞	6⅝	7⅝	+ ½
CornCr	2139	18⅛	17⅝	17⅞	
ChDvA s	1962	28⅝	28¼	28⅝	+ ⅛
FAusPr	1919	8½	8⅜	8½	+ ⅛
Diasonc	1829	2⅝	2⅜	2⅝	

AMEX Stock Index

High	Low	Close	Ch'ge
352.77	351.41	352.58	+ 0.74

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Inflation Report Buoys NYSE

United Press International

NEW YORK — The stock market rose Thursday to its highest closing levels since the October 1987 collapse, supported by further evidence of a slowing U.S. economy and the government's ability to control inflation.

The Dow Jones industrial average, which rose 8.98 points Wednesday, climbed 7.69 to close at 2,470.12.

Broader market indicators also strengthened. The New York Stock Exchange composite index rose 0.31 of a point to close at 177.29, and Standard & Poor's 500-stock index climbed 0.49 to 317.97. The price of an average share gained 6 cents.

Advances led declines by a 4-3 ratio, while volume eased to 177.48 million shares, compared with 191.21 million traded Wednesday.

The market initially fell after the government said the April U.S. Consumer Price Index rose 0.7 percent, which exceeded forecasts of a 0.6 percent rise. However, investors then began to push prices higher once they saw that the bulk of the index's gain came from the volatile energy and food sectors. Minus those costs, the index rose only 0.2 percent.

"The CPI confirmed that the economy is slowing and that inflation is not running away on us," said Hildegard Zagorski, market analyst at Prudential-Bache Securities. "Also, the dollar is very strong, which helps to attract foreign investors into the stock market."

The price index is one of the most closely watched government indicators. Financial markets and the Federal Reserve Board, which controls short-term interest rates, use the report as a major clue to U.S. economic health.

While the rise in the April index exceeded forecasts, analysts said the modest increase in the index minus the energy and food sectors was not inconsistent with the theory that the slowing in the economy is also easing inflation and interest-rate pressures.

That theory picked up steam Friday after the April Producer Price Index, which also tracks inflation, rose a surprisingly modest 0.4 percent.

Jerry Hinkle, a trader with Sanford C. Bernstein & Co., said, "There's been enough favorable economic data recently to support a positive short-term outlook for stocks."

Avon Products was the most active NYSE issue, plunging 6⅞ to 33¼ after Amway's withdrawal of its $39-a-share takeover offer, which Avon declined late Wednesday. Avon Products preferred also dropped, 3⅞ to 28¾.

AT&T was the second most active issue, rising ⅜ to 35. General Electric was third, adding ⅜ to 53¼.

Among other blue chips, International Paper jumped 1¼ to 49¼, and IBM rose ½ to 112. Elsewhere, Boeing fell ⅜ to 80½, and USX slid ⅛ to 35.

Computer Associates rose 2¼ to 41¾. The company said its net income for the March quarter jumped to 67 cents a share from 43 cents a share a year earlier. It also declared a 2-for-1 stock split.

Smith International tacked on 2⅛ to 12⅞ on reports that Industrial Equity (Pacific), an investment firm controlled by the New Zealand financier, Sir Ronald Brierley, wants to make a friendly bid for the company.

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
		A–B–C–D–E–F–G–H–I–J-K–L–M-N–O-P–Q-R	[illegible]							

(Continued on page 12)

International Herald Tribune

TRAVEL

- French Gardens
- Fish Restaurants
- Touring Israel

Carlos Freire

In one of Budapest's thermal spa pools, a group of swimmers gathers, intently watching a floating game of chess.

Tracking Budapest Fables

A Blunt Present Blurs the Past

by Joseph Fitchett

BUDAPEST — For years, competitive travelers have regaled one another with tales of Hungary, the enclave of goulash communism, where the Iron Curtain preserved from progress a few vital remnants of the Austro-Hungarian empire's glorious days and ways.

Domed Mittel-European architecture. Monumental Art Nouveau public baths still frequented like the spas of the Grand Tour era. Baroque Herend china bought at the source. Savvy hotel concierges. Wine cellars with troves of venerable Tokay. Restaurants rich in atmosphere. Hungarian foie gras, more of which turns up on Parisian restaurant tables than the French like to admit. And authentic goulash, the mother of all the watery copies ladeled up by Hussar-garbed waiters in the West.

On a spring visit, armed with the latest travel-writing intelligence about the best of Budapest, we set out confidently to eat our way through the city to locate the best goulash. It was good we had nearly a week. The city may still look like the Paris of the East if you are coming from the East. Not otherwise. Totalitarianism, tourism and pollution have ravished its charms. Monumental palaces and post offices, constructed when Budapest thought it had a European future, are now peeling shells, as outsize as the antique Roman ruins dwarfing the people in Piranesi prints. The stunning gold-and-emerald tiled Egyptianate baths behind the Gellért hotel have survived, still frequented by a few elderly people, but too poorly maintained for most visitors (including me, who did not flinch at the hammam in Aleppo the last time).

One night after a particularly disastrous meal, we tried to salvage the evening by visiting the old Café New-York, known now as the Hungária. On its opening night in

Continued on page 11

A Moroccan Oasis, in Grand Style

by Claire Frankel

TAROUDANT, Morocco — Returning to a place where you've already "done" the museums and the ruins or sighed over ambitious monuments is very comforting. Even more relaxing is a trip where none of the above exists. In both cases, freedom to roam, to sleep late, to do absolutely nothing pervades — guilt-free. Such a hedonistic environment awaits the traveler in Taroudant, Morocco, specifically at La Gazelle d'Or hotel.

Unlike resorts all over the world that offer luxurious accommodations and food to match, tennis, swimming and horseback riding, La Gazelle also has that quintessential added ingredient, an exotic backdrop.

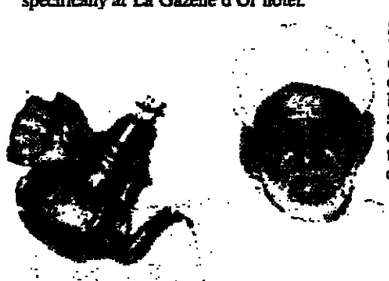
Taroudant is an ancient southern market town an hour's drive inland from Agadir on the Atlantic Ocean — glorious in the 16th century, nicely shabby today. Wide avenues lined with palm and orange trees radiate in spokes from a hub of high crenellated walls, a standing ovation to the 13th-century craftsmanship.

Inside, the bustle of buying and selling, greeting and sipping coffee, is all a preamble to visiting the *souk*, a fascinating melange of passageways whose ceiling, made of woven bamboo, allows a patchwork of filtered light. Stalls spill out their wares from closet spaces: woven baskets, Berber carpets, and colorful ceramics. Most ubiquitous is the three-piece conical-shaped *tagine*, a lidded casserole that sits on its own fire-holding container (the name originated with the hot vegetable dish made in it).

Long *djellabas* (hooded overgarments for men and women) and *babouches* (backless, pointed-toed shoes, red for women, yellow for men), dried fruit (35 varieties of dates) and nuts, pyramids of colorful spices beg for attention. They compete with demi-mountains of dried henna and bunches of thyme; saucers made of a clay-like substance, embossed with ground rose petals, carts of round, hot bread. Mixed between the (possibly) antique silver daggers and plucked chickens with taped necks, Addidas shoes and T-shirts printed "Chanel," radios and plastic watches intrude their more modern appeal.

Haggling is the order of the day, strictly enforced. Starting at less than half the asking price gives adequate room for playing the game. A temporary impasse is met with glasses of sweet mint tea, a civilizing pause for rethinking the issue: Can I live without a geometric carpet in my obsessively crowded study at home? Each response is considered shockingly absurd by both participants. Every bottom line is negotiable. For the chicken-hearted, there are government shops with fixed prices.

After a tough hour at the bargaining table, wander out of the souk, dodging the heavily laden donkeys with their woven straw sad-



After dinner at La Gazelle, time for the traditional Moroccan mint tea.

Claire Frankel

Continued on page 11

TRAVELER'S CHOICE

Yellowstone Bike Tours

■ The fires that ravaged Yellowstone National Park last year and their impact on the ecosystem will be the focus of a series of six-day bicycle tours organized by Backcountry Bicycle Tours in Bozeman, Montana. Two guides will provide a narrative on the park's natural history, ecology, wildlife and plant life. "We will put an emphasis on recovery from the Yellowstone fires," said Carmen McSpadden, the tour director. The cost for each tour is $699, which includes lodging, all meals and van support. Renting a mountain bike will cost an additional $89. Each tour is limited to 16 people. Departure dates are June 25, July 16, Aug. 20, Sept. 3 and 10. Information: Backcountry Bicycle Tours, Post Office Box 4029, Bozeman, Montana, 59772; tel: (406) 586-3556.

London and Its Lord Mayors

■ In conjunction with this year's commemoration of the 800th anniversary of the office of the lord mayor of London, a series of walking tours, starting Saturdays at 2:30 P.M. from the Museum of London, examine "Medieval London and the first Lord Mayor," "Life in Medieval London and the City of Dick Whittington" or "800 Years of the City of London's Lord Mayors." The walks continue until Oct. 14 (Information: Citisights, 145 Goldsmiths Row, tel: 739-2372). . . . The Museum of London is staging "Lord Mayors, the City and London's River." The rags-to-riches legend of the City's most famous mayor, Dick Whittington, who last served from 1419 to 1420, is the subject of an exhibition at the Guildhall Library beginning July 3.

Closeup on a Volcano

■ An eruption in December of the Lonquimay volcano in the Chilean Andes near the Argentine border has abated, and travelers can now view the site from as close as 2,500 feet (800 meters) from the crater. The volcano, inactive since 1889, erupted Dec. 25. Tours to the site depart from Temuco, 400 miles (650 kilometers) south of Santiago, and are run by Turismo Interpuente (430 General Mackenna Avenue; tel: 235-332.) One tour option is an overnight stay at a hostel close to the volcano, dinner and breakfast, transportation and a guide for about $28.

India's 'Toy Train'

■ The train that climbed for more than 100 years to Darjeeling, in India's West Bengal State, resumed service this month after a break of two years. The tracks had been damaged during a guerrilla insurgency. The "Toy Train," as Indians know it, takes all day to chug up into the steep hills on its 53-mile (85-kilometer) narrow-gauge journey, over 550 bridges, six switchbacks and four loops. The train, which connects to the Darjeeling Mail from Calcutta, leaves New Jalpaiguri at 9:30 A.M. and arrives in Darjeeling at about 5 P.M. The return trip leaves Darjeeling at 10 A.M. and arrives at New Jalpaiguri at 5:45 P.M. Fares are about $5.50 first class and 90 cents second class. Tickets can be bought only at stations where the train stops. Limited local food and drink are available along the route, but it is wiser to ask a hotel to pack a box lunch. Hotels in Darjeeling can also provide bottled beverages.

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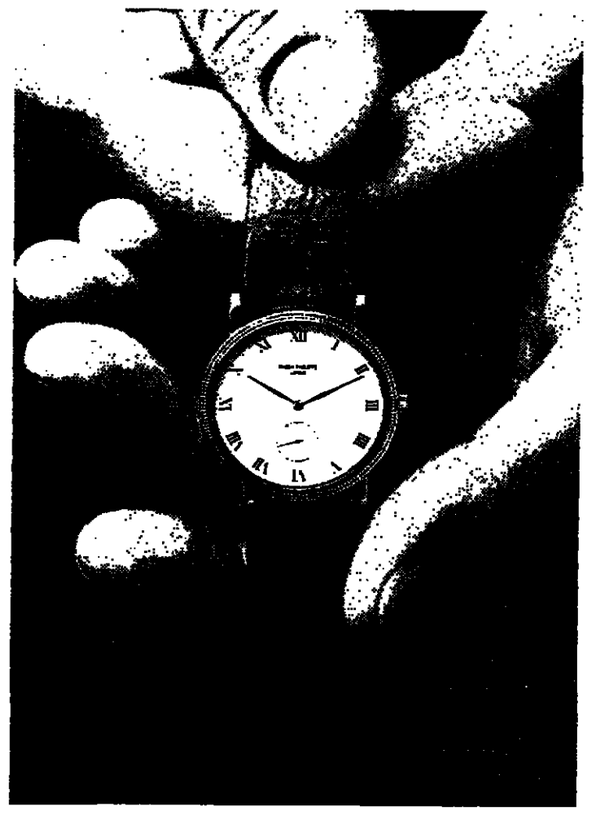

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TRAVEL

THE FREQUENT TRAVELER

Frequent Flier = Frequent Confusion

by Roger Collis

KEEPING track of frequent flier awards these days — through a maze of mileage accrual levels, airline and hotel tie-ins, bonus offers and deadlines — can seem as much of a nightmare as the travel itself. Even a straightforward trip from, say, Paris to Los Angeles can involve a tricky decision.

Do you fly nonstop with Air France, thus earning the last 5,000 miles that you need for a free roundtrip business class ticket between the United States and Europe on United Airlines' Mileage Plus program? Or American Airlines via Dallas to top up your AAdvantage miles for a free Caribbean trip?

TWA through Boston makes the best bonus sense. You can earn 14,000 miles on the roundtrip plus 10,000 bonus miles for flying the transcontinental roundtrip before June 15. And earn another 500 miles if you stay at the Hilton. This brings you in line for the 190,000 mile award — free round-the-world tickets on TWA/JAL for you and a companion. Pay with American Express at the Hilton and you get double points in the hotel program, or use your Diners card to earn a mile on American for every $2 that you spend.

Even dedicated mileage junkies are finding frequent flier programs harder to fathom as airlines begin increasing the options while tightening rules.

About 70 percent of frequent flier miles are unredeemed each year. From July 1, 1989, American Airlines (the biggest program with 8 million AAdvantage members) and United Airlines (second with 7 million Mileage Plus members) will require all miles accumulated in a 12-month period to be used within three years. But old miles earned up to June 30 are good forever. Or at least until the rules change.

Since American Airlines introduced the first frequent flier program eight years ago in the wake of U.S. airline deregulation, the idea has become a global phenomenon. There are an estimated 35 million frequent flier memberships in about 40 programs. Most people belong to several.

Hotel chains have entered the customer loyalty fray with frequent stayer award programs of their own. Most have tie-ins with one or more airlines, car rental firms and credit cards. This can make it hard to figure out what exactly you're earning for what program.

While most frequent flier programs are run by U.S. airlines for residents of North America, anybody can play the game. All you need is a U.S. mailing address — although a few programs (such as American, Pan Am and Northwest) are marketed to non-U.S residents.

The snag is that a program often requires you to purchase tickets in the United States to earn mileage and redeem awards from there. The same holds for foreign airlines that are partners in U.S. programs. (No awards for guessing why they have not brought out programs for their own residents — there is no such imperative in tightly regulated skies.) There are exceptions: China Airlines, Korean Air, Air India, Japan Air Lines and Finnair have their own bonus awards. But JAL and Finnair only allow credits on flights from the United States.

"The complexities and the frequent changes [in bonus award programs] make it almost impossible for an individual to reap all benefits to which they are entitled," says Randy Petersen, senior vice president of Frequent Flyer Club, based in Colorado. "You have almost to be an accountant to keep up. It's hard enough for us. If you live abroad, it's very difficult."

THE club was started two years ago to help people living outside the United States to participate in airline and hotel programs.

According to Petersen, FFC has 8,000 members in 129 countries, including China and the Soviet Union. For annual dues of $125 you get a U.S. mailing address, help with enrollment, award redemption and ticketing, a monthly newsletter and a statement that shows your mileage and awards status with up to five different programs.

"I would say you want to belong to at least four and no more than seven," Petersen says. "Most people belong to six. To really win this game you have to be prepared to change the airline you fly on — BA instead of Alitalia, or Cathay instead of Singapore.

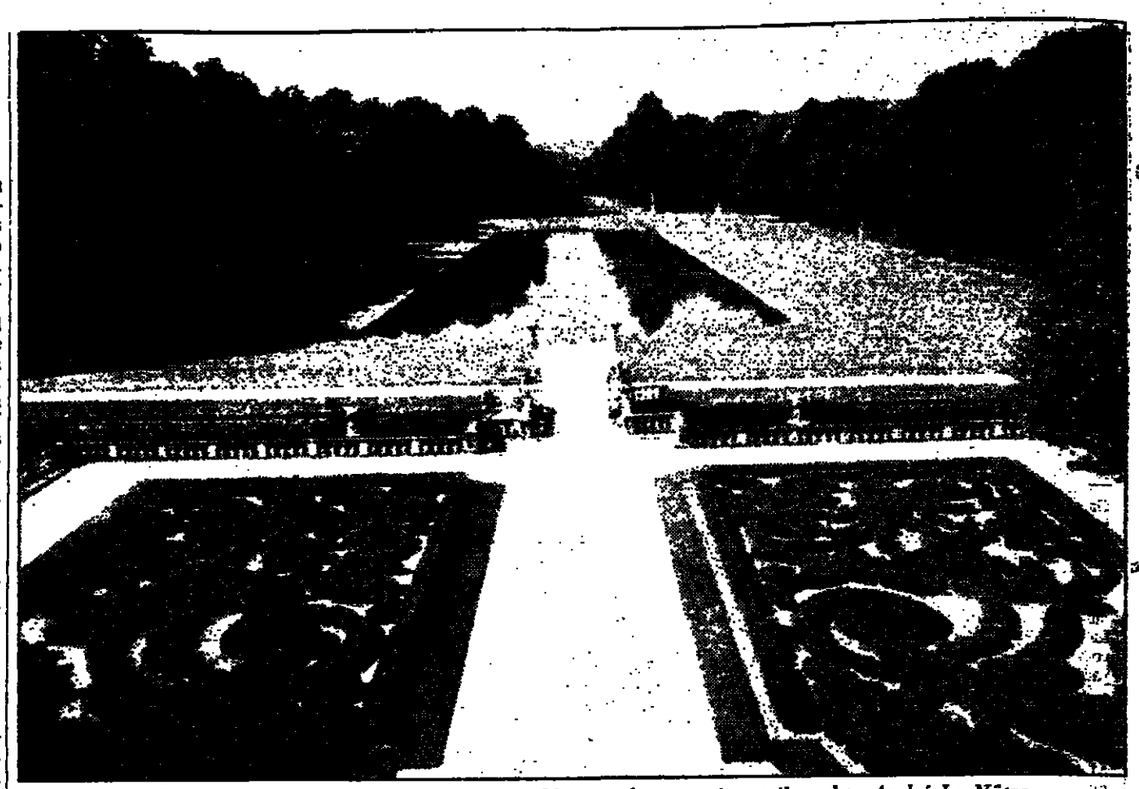
"You should also have in mind what you want back out of the program. For example, if your goal is to take your family on vacation to the States you want a program that has companion tickets. A lot of people use awards to fly their kids to visit from college in the States. American is an excellent program; you not only have a good selection of tie-in carriers like BA, Qantas, Cathay and Singapore but a good choice of departure points around Europe. Pan Am [WorldPass] is another excellent program because of worldwide routing — you can fly to South America without having to come near the United States."

Pan Am also has a dazzling jackpot award (225,000 miles) of 30 days of first class travel anywhere in the world for two people.

"But awards is not necessarily the top reason why you join a program. We help a lot of people with business and first class upgrades from full economy fare," Petersen says.

Petersen recommends Canadian Airlines International's Canadian Plus program, which has BA and KLM as European partners. KLM flights from Amsterdam — except those to North America — count for double mileage. At 150,000 miles, you can claim four free economy tickets on BA, KLM or Canadian between North America and Europe, or two business class tickets on BA to Europe and the Middle East, or else one round-the-world business class ticket on BA/Canadian.

Frequent Flyer Club, 4715-C Town Center Drive, Colorado Springs, 80916. Tel: (719) 597-8889. ■



The Parc de Courances, with its splendid parterres of box arabesques, is attributed to André Le Nôtre.

The Grand Gardens of France

by Jean Rafferty

PARIS — France once gleamed with great gardens. In the 17th century, André Le Nôtre designed splendid settings for such grand chateaux as Vaux-le-Vicomte and Versailles in sculptured symmetry with dramatic perspectives, setting a princely garden style envied and copied all over Europe. Innovation in landscaping art passed to England in the 19th century. Bountiful romanticism replaced architectural greenery and gardening fell from fashion here.

Now France is rediscovering its horticultural heritage, rescuing and renovating its historical parks and spotlighting the new variety of styles in a wealth of vintage and contemporary gardens. As a follow-up to last June's successful open-day in French gardens, a government- and gardener-sponsored open-month will be inaugurated May 26 and continue throughout June when parks and gardens will open to the public all over the country. Hundreds of gardens were uncovered by a government inventory carried out in 14 of France's 22 regions and 128 of the most exceptional are featured in a Visit a Garden in France leaflet detailing locations, opening times and horticultural characteristics. The leaflet is available in all official French tourist offices.

"Since the campaign started last year, these gardens have seen visitors multiply by fourfold," says Claude Roux of the Ministry of Culture. "It corresponds to a definite interest by the public."

Governmental support has given a boost to private initiatives like that of the Vicomtesse Muriel de Curel, who founded the first garden curcuit of 17 Ile de France and Normandy gardens two years ago. "There have been so many things done to promote châteaux, it was time to do something for the gardens," says the vicomtesse, whose ancestor, the Comte de Caraman, designed the Petit Trianon gardens for Marie Antoinette. Her own garden, a complement to the lovely Château Saint-Jean de Beauregard, boasts a rare 17th-century *potager* of flowers, fruits and vegetables.

Another dedicated gardener, Princesse Marie-Sol de La Tour d'Auvergne, also hopes to awaken Gallic sensibilities to their own garden heritage. "When the French think of cultural landmarks, they always think architecture," she says. "The English take more notice of the environment. In England, for every visiter to landmark buildings, there are five to gardens. Few gardens are open to the public here yet, but we've made a start."

She launched a touristic circuit of 14 gardens in the Beauce, Berry and Loire Valley regions last year. Historic gardens, which date from the 17th and 18th centuries, contrast with contemporary creations, a *bouquetier* garden and old roses with arboretums and the grand parks of private châteaux. "The idea is to tell the story of French gardens through this circuit," she says.

THE garden of the her family château, Ainay-le-Vieil, is ablaze with roses: a collection of 200 old roses, massed roses, roses climbing pergolas, and roses climbing wooden trellises in 18th-century style. On June 23, the princess and her mother, Baronne Geraud d'Aligny, will be godmothers at the baptism of a brand new rose, Colbert, maned for her mother's great-great-grandfather, the Marquis de Colbert.

"I am persuaded there is a new interest in garden creation and for a public who wants to come and see them," says Marie-Sol de La Tour d'Auvergne. "We're cut off from nature in the city. We take to the idea of a garden promenade. It fulfills a profound need because the Frenchman is a peasant at heart and remains attached to the land and his roots."

Besides the justly celebrated gardens at Versailles, Vaux-le-Vicomte and Claude Monet's Giverny, here is a selection of beautiful and unusual French gardens (open during daylight hours in summer unless otherwise specified).

Paris area

Jardin de Bagatelle, Bois de Boulogne. In the grounds of the Comte d'Artois's famous 18th-century folly, daffodils, tulips, iris and hyacinths pepper the fields in spring, a ravishing rose garden blooms in summer.

Parc de Courances, Milly-la-Fôret. Attributed to Le Nôtre, splendid parterres of box arabesques, a Japanese garden and acres of park with splashing waterfalls and limpid basins surround a 17th-century château. Open April 1 to Nov. 1, weekends and holidays, 2 P.M. to 6:30 P.M.

Desert de Retz, Chambourcy. Recently rescued from overgrown vegetation, this dramatic 18th-century English-style park boasts ruins of a temple to Pan, a Gothic chapel and a Tuscan column set in a park of rare trees including 14 sequoias given by an American committee to fête the French bicentennial. Open Sunday afternoons in June, 2 P.M. to 7 P.M., or by appointment. Tel. 39.76.90.37.

Normandy

Parc de Canon, Mézidon. Designed by Voltaire's friend Elie de Beaumont in the 18th century, Canon is famous for its *chartreuses*, 13 walled garden rooms overflowing with flowers in summer. Open Easter to June 30, weekends and holidays, 2 P.M. to 7 P.M. July 1 to Sept. 30, every day except Tuesday.

Parc floral des Moutiers, Varengeville-sur-mer. A house by Lutyens and English-style park designed by Guillaume Mallet and Gertrude Jekyll in the early 1900s provides breathtaking vistas of rhododendrons and azaleas.

The Jardin d'Albertas dates from 1740. Jean Bernard

Loire Valley and central France

Ainay-le-Vieil, Saint-Amand-Montrond. Lush rose gardens

Jardin de Saint-Jean de Beauregard, Les Ulis. Rare 17th-century potager of fruits, flowers and vegetables. Open Sundays and holidays, March 15 to Nov. 15, 2 P.M. to 6 P.M.

frame a turreted and moated fairy-tale château.

Parc floral D'Apremont-sur-Allier, La Guerche-sur l'Aubois. Beautiful contemporary English-style gardens created by Gilles de Brissac with Chinese bridge, mixed borders and white garden against background of medieval château and village.

Chateau de Bourges, Bourges. *Bouquetier* floral garden, boxwood *broderies* and romantic park surround 18th-century château. Closed Tuesday.

Parc botanique de la Fosse, Fontaine-les-Coteaux, Montoire-sur-le Loir. The family has collected rare and exotic trees and plants since 1751. Most spectacular in spring and autumn. Guided visits Saturday, Sunday and holidays, 2:30 P.M. and 4:30 P.M., from May 1 to Sept. 30. Only 3 P.M. visits from Oct. 1 to 31.

Jardins de Villandry, Joue-les-Tours. Ornamental vegetable gardens recreated by Joachim Carvallo against the backdrop of a Renaissance château.

Charente

Château de La Roche-Courbon, Saint-Porchaire. Pierre Loti's "castle of the Sleeping Beauty" reflected in a mirror of water surrounded by serene formal gardens inspired by 17th-century landscaping.

Provence

Jardin d'Albertas, Bouc-Bel-Air, near Aix-en-Provence. In this historical garden designed for the Albertas family in 1740, statues of Hercules, David and Samson survey the fabulous fountains of 17 jets decorated with statues of Triton blowing water from his horn. By appointment, tel. 42.22.29.77.

Bambouseraie de Prafrance, Generargues, Anduze. The mysterious forest of giant bamboo, sequoia, magnolia and ginkgo provided the exotic setting for the celebrated Yves Montand movie "Wages of Fear."

Jardin de la Villa Ile-de-France, St. Jean-Cap-Ferrat. Spanish, patio, Japanese garden, Florentine terrace and lush French formal gardens created by the Baronne Ephrussi de Rothschild in 1910. Closed Sunday morning, Monday and November. ■

Jean Rafferty is a Paris-based journalist who specializes in design and lifestyle.

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ACROSS

1 Samoan port
5 Clifton or Jack
9 Marx Brothers movie, e.g
14 Broadway loser
15 Atop the Indian
16 Pleiades pursuer
17 Pay more
19 Inflexible
20 Pay
21 Norwegian saluds
22 U.S.N.A. grad
23 Spent the wad
24 Mocha or java
28 Mack's weapon
29 Piscatorial float
32 One sometimes clay-footed
33 Pay
36 Typographic stroke
38 Part of a yen
39 Remainders
40 Pay
43 Cosmetic additive
44 "—— Clear Day ..."
45 Drugstore cowboy
46 "... they have —— day nor night": Rev. 14:11
48 Pindar output
49 Focal pt.
50 Refilled a role
53 Surveyors' —— closure
58 Cease, at sea
59 —— palm (pay a bribe)
60 Tithing unit
61 Against
62 Nice night
63 Wipe the slate
64 Ump follower
65 Hautboy

DOWN

1 Kindergarten subj.
2 Milne's bear
3 Connie Francis hit, "—— Again"
4 Third man
5 Conestoga boss
6 Pottage receiver's namesakes
7 So —— (amen)
8 Prohibit
9 Pay
10 Out of order
11 Latvian capital
12 Snake's maneuver
13 Means' justifiers
18 Sheltered at sea
21 Thin-skinned area
23 Switch the local, e.g.
24 Lake herring
25 Keats's "—— a Grecian Urn"
26 Pro —— balance sheet
27 Flop's partner
28 Campaign tactic, sometimes
29 Swiss canton, old style
30 First Reich rulers: 936-1002
31 Attack
34 Some curves
35 Kind of guard
37 —— kitty (pays)
41 Raisa's negative
42 Board A...
47 Spanish ... suit
48 Kilns
49 Greek ...
50 Deserve
51 Always
52 Site of C... first mira...
53 Former ... lightweig... champ
54 Gretna G... antithesis
55 Usher's ... proffering
56 Buckeye ...
57 Treat to...
59 Heater o...

5/19/89

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Solution to Previous Puzzle

C	R	A	S	S		C	R	E	E	P		I	S	T
H	E	R	O	N		A	O	R	T	A		M	O	I
A	N	I	T	A		R	O	M	E	S		M	U	D
P	O	D		T	H	E	M	A	S	S	E	U	S	E
			A	C	R	E				E	T	N	A	S
L	O	S	T	H	E	R	J	O	B	S	H	E		
P	A	R	T	Y			A	L	E					
S	T	A	Y		B	I	D	E	D		A	W	A	Y
				O	R	E				T	R	I	P	E
		R	U	B	B	E	D	C	L	I	E	N	T	S
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T	H	E	W	R	O	N	G	W	A	Y		A	D	D
O	A	F		A	M	O	L	E		T	E	N	O	R
E	N	E		T	I	L	E	R		I	R	O	N	Y
S	G	D		E	T	O	N	S		M	A	N	E	S

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WALL STREET WATCH

Exchanges' New Product Gets a Cool Reception

By FLOYD NORRIS
New York Times Service

NEW YORK — The Philadelphia Stock Exchange and the American Stock Exchange introduced a supposedly exciting new product last week. But it has run into a cold shoulder from some of Wall Street's biggest firms. The new product, known as an index participation unit, allows an investor to trade the equivalent of a large portfolio of stocks in a single transaction.

The resistance of the major brokers will make it more difficult for the units to catch on. The units are aimed partly at the retail market, where explanations and endorsements by brokers play an important role in drawing business.

The products allow investors to buy, or sell short, a permanent security with a value based on the level of the Standard & Poor's 500-stock index or another stock index.

> **One expert says firms will find themselves compelled to deal in the product.**

Merrill Lynch is one of the firms that said it would turn away customer orders for the units.

"It costs too much to willy-nilly set up for every product that comes down the pike," said William J. Kehoe, a manager in Merrill's options and futures product group.

Drexel Burnham Lambert is also not offering the product. "They have aspects of options, of stocks, of futures and of mutual funds," said Harrison Roth, an options official at Drexel. "They don't fit anywhere." He also cited cost problems.

Some firms, however, are enthusiastic. "There is a lot of potential in this product, and I anticipate we will do quite a bit of business in it here," said John Felber, the partner in charge of options at J.C. Bradford & Co., a regional firm based in Nashville, Tennessee. "This could become the core holding for most retail accounts that are capital-growth oriented."

Michael Schwartz, a senior vice president of Oppenheimer & Co., said, "I think firms will be forced" to spend the money to set up the systems.

Trading in the units began last Friday. The Amex handled units representing about $132 million of stock in its S&P 500 index unit that day, but Amex officials said that nearly all the activity was between specialists, other floor traders and member firms trading for their own accounts. Only about 10 percent of the action represented customer orders, they said. In subsequent days, volume has fallen sharply.

BOTH EXCHANGES are trading units based on the S&P 500 stock index and on indexes intended to track the Dow Jones industrial average. The new units have been trading at small premiums to the underlying indexes, even after adjusting for accrued dividends. For example, the S&P 500 at one point Wednesday was trading at 317.27.

Add in the approximately $2.05 in accrued dividends, and the indicated value for an S&P 500 index participation unit would be 319.32. But the Amex units at that point had a bid price of 319.70 and an asked price of 319.90. All those numbers are adjusted to make them comparable. In fact, the minimum investment in the S&P unit contract is for 10 times the S&P value, or about $3,197, plus commissions, in the above example.

Someone who bought such a unit would get all the dividends on the stocks in the S&P 500, paid quarterly. The payer would be another trader, who had shorted the unit.

The units could function for a long-term holder much like a mutual fund, with the difference that management fees would not have to be paid. The potential loss of those fees by some of the bigger securities houses, which manage proprietary mutual funds, might play a role in discouraging them from selling the units, some in the industry say privately.

Investors Buy Stake In Ranks

Goldsmith Group In Goodman Deal

Compiled by Our Staff From Dispatches

LONDON — A group linking the European financiers Sir James Goldsmith and Jacob Rothschild and the Australian publisher Kerry Packer said Thursday it had bought a 29.9 percent stake in Ranks Hovis McDougall PLC from the Australian company that Ranks is trying to take over.

The group, Sunningdale Holdings Ltd., said it had agreed to pay 400 pence per share for the stake, or almost £415 million ($668.8 million), contingent on Ranks's failure to acquire Goodman Fielder Wattie Ltd., the Australian food company.

Ranks, a British-based food concern, in April offered 3.1 billion Australian dollars ($2.39 billion) for Goodman. That move turned the tables on a former predator — Goodman unsuccessfully bid £1.7 billion for Ranks in 1988.

The surprise development drove Ranks shares 78 pence higher, to 436 pence, at the close of trading on London's Stock Exchange.

John Parker, food-manufacturing analyst at the Barclays de Zoete Wedd brokerage, said of Sunningdale, "These people do not look like the sort who would hold a long-term investment in a bakery company. This looks like a break-up run" on Ranks.

He estimated Ranks's break-up value at over 600 pence per share.

Under British takeover law, a holding above 29.9 percent in a company automatically triggers a takeover bid.

Sunningdale said that, if Ranks's bid for Goodman were to succeed, the investor group would be entitled to a clawback payment of 50 pence a share. A Sunningdale spokesman said later that the consortium would oppose any further attempt by Ranks to gain control of Goodman.

Goodman said in a statement that the sale of its Ranks stake generated an after-tax profit of about 140 million Australian dollars. The chairman, Pat Goodman, said that the sale "reinforces the

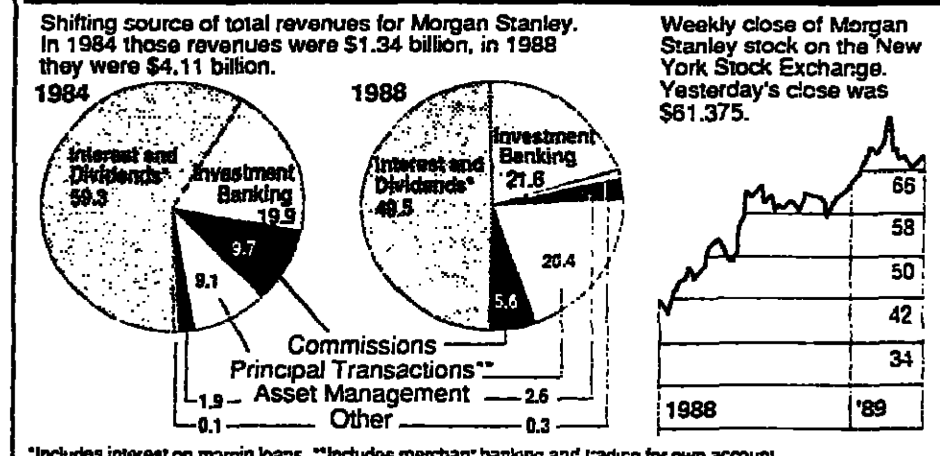
See RANKS, Page 17

Morgan Stanley's top executives, from left: Richard B. Fisher, president; Robert F. Greenhill, vice chairman; S. Parker Gilbert, chairman; and Lewis W. Bernard, managing director. *David Kramer*

Measuring Morgan Stanley

Shifting source of total revenues for Morgan Stanley. In 1984 those revenues were $1.34 billion, in 1988 they were $4.11 billion.

Weekly close of Morgan Stanley stock on the New York Stock Exchange. Yesterday's close was $61.375.



*Includes interest on margin loans. **Includes merchant banking and trading for own account.

Source: Company reports

Morgan: Burdens of Success

Wall Street Firm's Deal Unit May Be Doing Too Well

By Sarah Bartlett
New York Times Service

NEW YORK — For the last few years, Morgan Stanley & Co. has seemed to do everything right while its counterparts on Wall Street have been struggling. Now it must cope with the perils of success.

Morgan's challenge is to manage the phenomenal growth of its merchant-banking business, which is outperforming other areas of the firm.

In merchant banking, a firm uses its own money and that of investors to take companies private in leveraged buyouts. When 40 people in a firm of 6,400 run a business that generates returns of 40 percent to 100 percent, that presents some thorny management issues.

There is a tradition on Wall Street of firms coming unglued when one group begins to account for the bulk of the profits. The stormy departure of Bruce Wasserstein and Joseph R. Perella, the former merger heads of First Boston Corp.'s mergers-and-acquisitions group, demonstrated how vulnerable a firm can become to a small group of influential deal makers.

Morgan is no danger of falling apart. And its leaders deny that any area of the firm is becoming dominant.

"We are not redirecting the firm toward merchant banking," said Richard B. Fisher, the firm's president.

But on Wall Street, there is a general sense that Morgan is changing into a different kind of animal.

As Michael D. Madden, a senior investment banker at Shearson Lehman Hutton Inc. said, "When people think of Morgan Stanley now, they think of merchant banking even before mergers and acquisitions."

And it is clear to some inside Morgan Stanley that Donald P. Brennan, the head of merchant banking; Thomas A. Saunders III, another important member of the group; and many others in their area are not eager to see the profits they generate dissipated on operations that are decidedly less lucrative.

Morgan's merchant-banking enterprise began in earnest in 1986, when it started raising what has become about a $2 billion pool of capital from 60 of the world's largest institutional investors, including Japanese trust companies, Volvo AB, Barclays PLC, and the pension funds of American

See MORGAN, Page 15

U.S. Price Index Rises Sharply as Fuel Costs Soar

By Paul Blustein
Washington Post Service

WASHINGTON — A record monthly increase in gasoline prices sparked a 0.7 percent rise in the U.S. Consumer Price Index for April, the Labor Department announced Thursday.

Analysts said the report provided fresh confirmation that inflation is accelerating moderately this year, to about 5 percent or slightly above that level.

The April climb in the price index was the biggest since January 1987, and followed advances of 0.5 percent in March and 0.4 percent in February.

But analysts said the April figure was bloated by the impact of gasoline prices, which soared last month at the fastest pace ever recorded by the Labor Department since it began gathering price data in the 1930s. The U.S. city average for all types of gasoline was $1.098 per gallon (3.79 liters) in April, compared with 97.4 cents in March.

"If you don't have to buy gasoline, it's not too bad," joked Donald Ratajczak, director of the Economic Forecasting Center at Georgia State University. Mr. Ratajczak and other analysts said the surge in the price of gas and other energy-related products, which is due to a substantial rise in crude-oil costs, will "fade out" later this year and will cease affecting inflation very much.

The White House spokesman, Marlin Fitzwater, told reporters traveling with President George Bush in Rochester, New York, that the energy-price increase is "kind of like a bulge moving through the economy. Other than energy prices, inflation looks like it's in pretty good shape."

It is indeed "good news" that with the volatile food and energy components excluded, the price index rose only 0.2 percent last month, said Joel Popkin, a Washington-based forecaster who heads a firm bearing his name.

"But the bad news," Mr. Popkin said, "is that it's the total CPI that feeds back into wages," because unions typically use the index to

See PRICES, Page 18

Dollar Meets Heavy Bank Resistance

By Richard E. Smith
International Herald Tribune

FRANKFURT — The dollar touched a two-and-one-half-year high Thursday in volatile European trading after the West German central bank rejected market pressures to raise two key interest rates, but retreated later in the face of concerted central-bank intervention.

The U.S. currency touched a high of 1.9875 Deutsche marks after the Bundesbank said it would leave rates unchanged, but later slipped below 1.97 DM after central banks in Europe and North America intervened against it.

The dollar closed in London at 1.9660 DM. In New York, the U.S. currency rebounded to a high of 1.9850 DM before easing back late in the day to close at 1.9680 DM — down from 1.9717 on Wednesday.

"The Germans have shown that they do not want to be forced by the markets into a panic move," said Mark Slater, a senior trader at Salomon Brothers International in London.

Only a month ago, the Bundesbank raised its discount rate by one-half point to 4.5 percent and the Lombard emergency funding rate by the same margin to 6.5 percent.

Moves in official interest rates are a central bank's most powerful weapon in supporting its currency, but the market not only shrugged off the West German action of a month ago but has bid the dollar steadily higher ever since.

There has been growing concern in the markets, however, about the speed of the dollar's rise, in view of the fact that the West German economy is robust while U.S. economic growth is showing signs of tapering off.

"There is not any fundamental

See DOLLAR, Page 18

Currency Rates

Cross Rates *May 18*

	$	£	D.M.	F.F.	H.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.225	3.596	1.127	0.3332	0.1549 *	—	5.385 *	1.2648	1.6071 *
Brussels(a)	41.4975	66.7275	20.936	6.1875	2.8789 *	18.575	—	23.484	0.2977
Frankfurt	1.9793	3.187	—	0.2956	0.1375 *	0.8872	4.775 *	1.1225	1.422 *
London (b)	1.6185	—	3.1755	10.7638	2,315.50	3.585	66.595	2.841	224.335
Milan	1,443.00	2,321.60	728.02	215.02	—	645.79	34.78	816.75	10.339
New York(c)	—	1.618 b	1.968	6.6615	1,432.50	2.2175	41.38	1.7591	138.70
Paris	6.706	10.787	3.3837	—	0.4651 *	3.0021	0.1616	3.7935	4.8065 *
Tokyo	139.30	224.97	70.78	20.93	0.973	62.78	3.3892	79.19	—
Zurich	1.763	2.8454	0.8928	0.2641	0.1227 *	0.7931	4.2685 *	—	1.2683 *
1 ECU	1.0517	0.6532	2.0825	7.0461	1,516.28	2.3472	43.5965	1.8562	146.601
1 SDR	1.2559	0.7779	N.Q.	8.4242	1,792.89	2.8068	52.7146	2.2878	174.689

*Closings in London. Tokyo and Zurich, fixings in other centers. New York closing rates. a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	113.50	Fin. markka	4.4035	Mex. peso*	2424.00	S. Afr. rand	2.7055
Austral. $	1.3185	Greek drac.	167.75	N. Zealand $	1.66	Soviet ruble*	0.6387
Austr. schil.	13.93	Hong Kong $	7.7725	Nig. naira*	5.2995	Span. peseta	124.00
Brazil cruz.	1.11	Indian rupee	15.97	Norw. krone	7.112	Swed. krona	6.645
Canadian $	1.1935	Indo. rupiah	1753.00	Phil. peso	20.82	Taiwan $	25.50
Chinese yuan*	3.7221	Irish £	0.739	Port. escudo	163.50	Thai baht*	25.60
Danish krone	7.6455	Israeli shek.	1.825	Saudi riyal*	3.748	Turkish lira	2033.80
Egypt. pound	2.5131	Kuwaiti dinar*	0.2918	Sing. $	1.966	UAE dirham*	3.6701
		Malay. ring.*	2.685	S. Kor. won	664.60	Venez. boliv.	37.68

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6035	1.5992	1.5961	Canadian dollar	1.1961	1.1986	1.2009
Japanese yen	138.97	138.42	137.94	Swiss franc	1.7656	1.7624	1.7595
Deutsche mark	1.9786	1.9746	1.9711				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits *May 18*

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	9 5/16-9 7/16	6 5/8-6 3/4	7 1/2-7 5/8	12 1/2-12 5/8	8 1/2-8 5/8	4 15/16-5	8 1/2-8 5/8	8
2 months	9 5/16-9 7/16	6 13/16-6 15/16	7 1/2-7 5/8	12 1/2-12 5/8	7 1/2-7 5/8	4 7/8-5 1/16	8 9/16-8 11/16	8 1/8
3 months	9 5/16-9 7/16	7-7 1/8	7 1/2-7 5/8	12 3/4-12 7/8	8 9/16-8 11/16	4 15/16-5 1/8	8 9/16-8 11/16	8 1/8
6 months	9 5/16-9 7/16	7 1/16-7 3/16	7 1/4-7 3/8	9 1/16-9 3/16	8 15/16-9 1/16	5 1/16-5 3/16	9 1/16-9 3/16	8 1/4
1 year	9 5/16-9 7/16	7 3/16-7 5/16	7 3/8-7 1/2	12 13/16-12 15/16	9 1/16-9 3/16	5 1/4-5 3/8	9 1/16-9 3/16	8 1/8

Sources: Morgan Guaranty (Dollar, DM, SF, Pound, FF, yen); Lloyds Bank (ECU); Reuters (SDR).
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates *May 18*

United States	Close	Prev.
Discount rate	7.00	7.00
Prime rate	11 1/2	11 1/2
Federal funds	9 3/4	10.00
Com. paper 90-179 days	8.50	8.60
3-month Treasury bills	8.35	8.27
6-month Treasury bills	8.39	8.32
3-month CD's	9.15	9.15
6-month CD's	9.15	9.10
Japan		
Discount rate	2 1/2	2 1/2
Call money	4 3/16	4 1/8
2-month interbank	4 13/16	4 13/16
3-month interbank	4 15/16	4 29/32
West Germany		
Discount rate	4 1/2	4 1/2
Lombard rate	6 1/2	6 1/2
Overnight rate	6 1/2	6.45
1-month interbank	6.90	6.90
3-month interbank	7.10	7.10
6-month interbank	7 1/4	7 1/4
Britain		
Bank base rate	13.00	13.00
Call money	12.80	12 3/4
3-month interbank	12 7/8	12 7/8
6-month interbank	12 15/16	13.00
France		
Intervention rate	8 1/4	8 1/4
Call money	8 3/4	8 5/16
1-month interbank	8 3/4	8 3/4
3-month interbank	8 13/16	8 13/16
6-month interbank	8 15/16	8 15/16

Sources: Reuters, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits *May 18*

1 month	9 3/8 - 9 1/2
2 months	9 3/8 - 9 1/2
3 months	9 5/16 - 9 7/16
6 months	9 1/4 - 9 3/8
1 year	9 1/4 - 9 3/8

Source: Reuters.

U.S. Money Market Funds *May 18*

Merrill Lynch Ready Assets
30-day average yield: 9.53
Telerate Interest Rate Index: 9.284

Source: Merrill Lynch, Telerate.

Gold

May 18

	A.M.	P.M.	Ch'ge
Hong Kong	371.95	370.95	— 3.00
Luxembourg	371.0	—	— 2.95
Paris (12.5 kilo)	371.84	369.79	— 5.12
Zurich	371.35	370.25	— 2.70
London	371.00	370.00	— 1.90
New York	—	367.95	— 4.05

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.

Source: Reuters.

Lonrho Defeat Signals End of Harrods Battle

Appeal Rejected by House of Lords

By Steve Lohr
New York Times Service

LONDON — Lonrho PLC on Thursday lost the final round of a prolonged court battle, all but ending the struggle of its chairman, Roland W. (Tiny) Rowland, to wrest control of the London department store Harrods from the Fayed brothers of Egypt.

The House of Lords rejected Lonrho's appeal to force Britain's trade secretary to refer the 1985 takeover of House of Fraser PLC, which owns Harrods, to the Monopolies and Mergers Commission. In Britain, the Lords is the highest court of appeal, and the monopolies commission is the only agency that can order the divestment of a company that has been purchased.

A separate criminal investigation into the takeover and the Fayeds' financial background promises to keep the Harrods saga running for months. But the significance of Thursday's ruling is that it apparently settles the issue of ownership, almost regardless of the outcome of the criminal inquiry. For Mr. Rowland, who once held a 29.9 percent stake in House of Fraser, the main goal of his multimillion-pound legal and publicity campaign has seemingly always been to gain control of Harrods from the Fayed brothers, Mohammed, Ali and Salah.

"I am pleased at the outcome," Mohammed Fayed, chairman of House of Fraser, said in a brief statement, "and I am glad that the ownership of the company is no longer in any doubt."

Paul Spicer, a Lonrho director, said, "We've brought this case as high as we can. We cannot do more."

The five-member panel of Law Lords, in its ruling, also rejected Lonrho's effort to force Lord Young, the trade secretary, to allow publication of a report into the takeover by inspectors for the Department of Trade and Industry.

Large sections of a leaked copy of that report were printed on March 30, in a special Thursday edition of The Observer, a London Sunday newspaper owned by Lonrho. The government immediately filed an injunction to stop the printing and distribution of the special edition, but not before more than 100,000 copies were sold.

The law lords will next week hold hearings on whether publishing extracts from the report while the case was still under consideration amounted to contempt of the House of Lords. Mr. Rowland, 71, who built Lonrho from a sleepy African mining company into a worldwide conglomerate with annual sales of more than £4 billion ($6.6 billion), is scheduled to be among the witnesses.

Thursday's ruling does not exonerate the Fayeds or their behavior during the House of Fraser takeover. The Department of Trade inspectors' report was extremely critical of the current owners of Harrods, their London merchant bankers and solicitors. The inspectors concluded that the Fayeds "dishonestly misrepresented their origins, their wealth, their business interests and their resources." In Britain, lying on takeover documents is securities fraud.

The trade inspectors' report did not state emphatically where they thought the Fayeds got the money to make their £615 million cash offer for House of Fraser. But the inspectors asserted that based on

See ROWLAND, Page 17

Chrysler Sets Purchase Of Thrifty Rent-A-Car

Compiled by Our Staff From Dispatches

SAN FRANCISCO - Lee Iacocca, chairman of Chrysler Corp., said Thursday that the third-largest U.S. automaker has agreed to buy Thrifty Rent-A-Car System Inc. for $263 million, or $27.75 per share.

Mr. Iacocca, announcing the purchase at Chrysler's annual shareholders meeting, called the agreement to buy the Oklahoma-based car-rental company "a natural fit for us."

With its planned purchase, Chrysler is joining other automakers — including General Motors Corp. and Ford Motor Co. — that have acquired ownership of, or stakes in, car-rental firms.

"Thrifty is a solid player in the car-rental business and in our dealing with Thrifty in the past six years we have been impressed with the strength of the company and its management," Mr. Iacocca said.

"That played a key role in our decision to take this step in what is a natural alliance cementing a good relationship," he said, adding that the company's present management would remain in place.

Thrifty, with more than 650 locations worldwide and an average

See CHRYSLER, Page 17

1014/89

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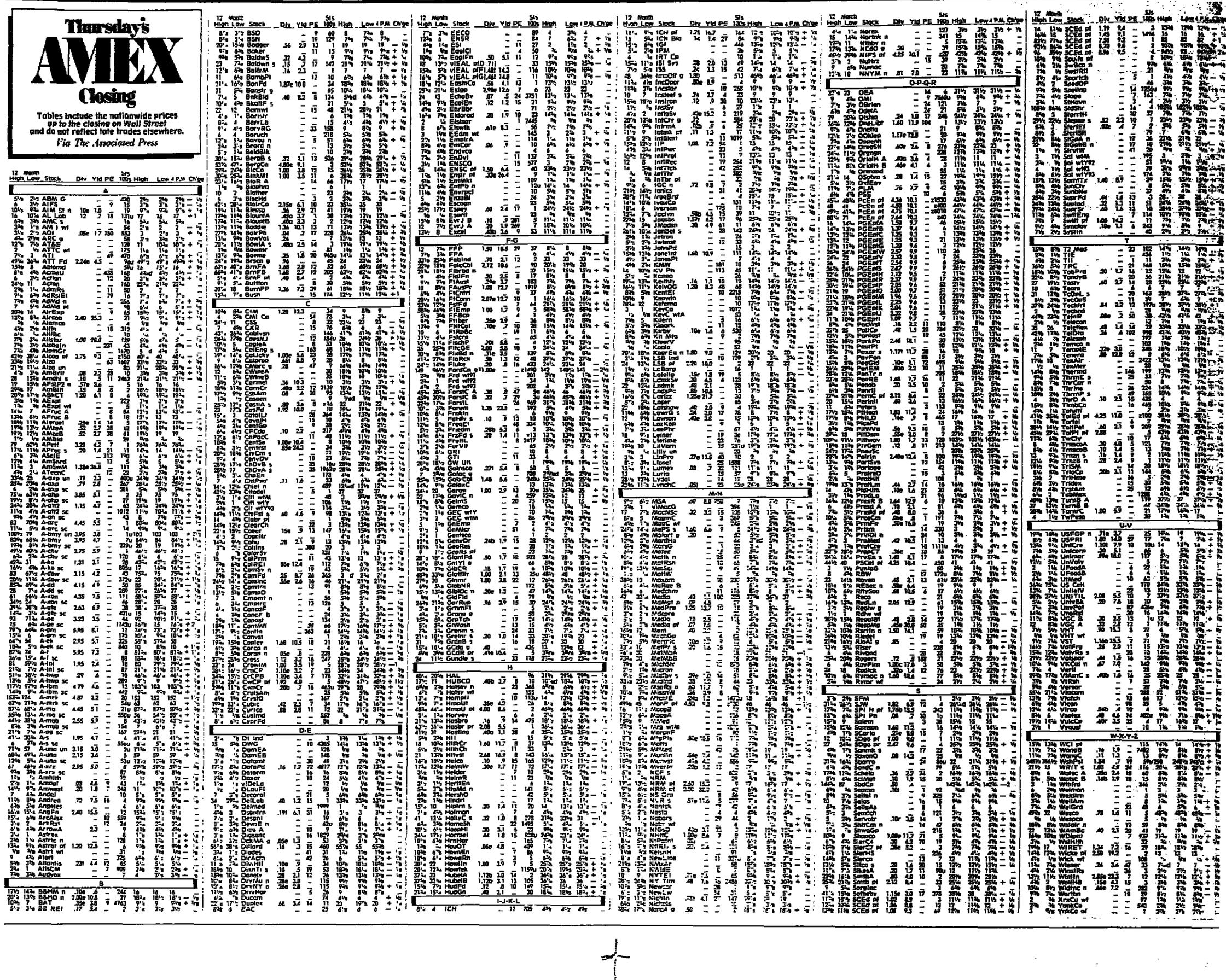
Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press



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Do you remember seeing the sunlight glisten from the gold-covered dome of the Invalides? It was a breath-taking sight... but one we haven't enjoyed for some years. Time and weather are not kind to gold leaf and much of the lustre has simply been washed away.

Happily, on the occasion of the Bicentennial of the French Revolution, the French government has decided to re-gild the Invalides' splendid dome. You can already see the scaffolding surrounding the monument and the work will be completed in time for the Bicentennial celebrations in July.

This is the fifth time the Invalides dome has been gilded. The first was in 1715, the year of the death of Louis XIV; the second was in 1807, under Napoleon; then in 1869, under his nephew; and finally in 1937, the year of the last great Paris world fair.

Commissioned in 1676 by Louis XIV, the Hôtel des Invalides is the masterpiece of Jules Hardoin-Mansard, great-nephew of the illustrious François Mansart. Indeed the edifice is inspired by a design the great-uncle executed for the Chapelle des Bourbons at St-Denis which was never built. Originally intended as a hospital for the veterans of Louis XIV's wars, the Invalides today houses a museum, a hospital, a church and the mortal remains of French military leaders including, of course, those of Napoleon. Many consider it to be Paris' most magnificent landmark — admired and appreciated by visitors for generations.

The World Monuments Fund is honored to participate alongside the French government in the restoration and illumination of the Hôtel des Invalides, thereby ensuring that future visitors to the City of Light will once more enjoy the full splendor of Mansard's golden dome.

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BUSINESS ROUNDUP

Amway Drops $2 Billion Avon Bid

Cosmetics Group's Stock Plunges and Harsh Words Fly

By Michael Freitag
New York Times Service

NEW YORK — Amway Corp., in a move that surprised analysts, is withdrawing its $2 billion offer for Avon Products Inc. after the U.S. cosmetics concern rejected the $39-a-share proposal.

Avon stock closed down $7 a share at $33.125, on the New York Stock Exchange, having fallen $7.1 at the opening and rising a bit amidday before sliding again.

Some analysts suggested that the announcement, made late Wednesday, was nothing more than a ploy in continuing takeover strategy; others said it probably reflected Amway's desire to avoid becoming enmeshed in a hostile takeover.

Both Avon's rejection of the bid and Amway's withdrawal were couched in harsh language. Avon said Amway "an admitted criminal" while Amway termed Avon's statement hysterical and irresponsible.

Amway, a privately held direct-selling company based in Ada, Michigan, said it "does not presently intend to pursue the proposed acquisition so long as the Avon board of directors maintains its current hostile position that the company is not for sale under any circumstances."

It added that it "has consistently indicated its desire to consummate a friendly transaction."

Reached at home, Otto Stolz, Amway's executive vice president, said his company's statement "made it real clear that this is the end" of its bid for Avon.

Earlier Wednesday, after the stock market closed, Avon, the New York-based cosmetics and toiletries company, wrote to Amway saying Avon's board had unanimously decided that Amway's bid, first announced last week, was not in Avon's best interests.

Amway's "high-pressure way of doing business clashes with the friendly, caring and gracious manner of our representatives," wrote Avon's chairman James E. Preston.

The letter described Amway as "an admitted criminal," noting that Amway had "pleaded guilty to the serious crime of swindling the Canadian government out of tens of millions of dollars in customs duties over 15 years."

Mr. Preston also said Amway's tactics raised "serious questions of illegality" in its bid. He said Amway "skirted federal laws by forming a partnership with Irwin Jacobs, a well-known corporate raider."

Amway first disclosed an interest in Avon last month in a filing with the Securities and Exchange Commission, in which it said it owned 10.3 percent of Avon in a partnership with Mr. Jacobs. The investor did not join in Amway's offer for Avon.

As for the 10 percent of Avon's stock that Amway and its partners already own, Mr. Stolz of Amway said, "You'll have to talk to Mr. Jacobs — he controls that."

In its statement, Amway said it was "shocked and disappointed by Avon's hysterical, irresponsible and irrelevant response."

Diann K. Temple, an analyst at Salomon Brothers, said she was surprised. "I think Amway believes that they want it to be a friendly transaction," she said. "Obviously, shareholders will be very upset."

Alice Beebe Longley, vice president of research at Donaldson, Lufkin & Jenrette Securities Corp., said, "It is hard for me to feel confident that the withdrawal of their offer is the last we are going to hear of them. There is maybe a 50-50 chance that it's over. But it could be part of a strategy to continue trying to acquire the company."

Levi Strauss To Float Stake In Japan Unit

New York Times Service

SAN FRANCISCO — Levi Strauss & Co., the jeans manufacturer that went private in a leveraged buyout in 1985, has announced plans to sell stock in its Japanese subsidiary to the Japanese public.

Levi Strauss Japan KK will sell a stake of about 15 percent on the over-the-counter market in Japan. The rest of the stock of the subsidiary will remain in the hands of the parent in San Francisco.

Joseph M. Maurer, vice president and treasurer of Levi Strauss, said the offering was an effective way to raise money for the fast-growing Japanese subsidiary and to help Levi Strauss Japan gain an image as a Japanese company.

Mr. Maurer said Wednesday that the operation would also help raise the value of the parent corporation and pay down some of the parent company's debt from the $1.6 billion leveraged buyout. Some $950 million had been paid back by the end of 1988.

Flick Brothers Are Selling Feldmuehle Stake to Veba

Reuters

WIESBADEN, West Germany — Shareholders led by Friedrich Christian Flick are selling a stake of just under 40 percent in Feldmuehle Nobel AG to the energy group Veba AG, a statement from the Flick brothers said Thursday, signaling the further demise of the once-powerful Flick group.

The statement, released by a public-relations firm representing Friedrich Christian Flick and Gert Rudolf Flick, said the sale would take effect June 1. The brothers are the nephews of Friedrich Karl Flick, who sold the Flick group, including Feldmuehle, in 1985 after an influence-peddling scandal.

Earlier, the Federal Cartel Office said it had held talks with Veba on its plans to buy into Feldmuehle, whose shares were suspended from trading on West German bourses Thursday morning.

Also Thursday, Veba said it plans a one-for-10 rights issue that would increase its share capital by 219 million Deutsche marks ($113.1 million) to 2.25 billion DM. The new shares will be issued at 240 DM a share and be entitled to full 1989 dividend payments.

Feldmuehle, a manufacturer of products ranging from munitions to paper, once stood at the core of the mighty Flick industrial empire, which crumbled as a result of the scandal involving West German politicians. The affair toppled several major political figures, including the former economics minister, Otto Lambsdorff, who resigned in 1983.

Last June, the Flick brothers attempted to take over Feldmuehle but were thwarted when the stock rose so high that the bid became too expensive for them to finance.

The Flick statement said the shareholder group had chosen Veba because the company seemed particularly suited to fulfill the needs of Feldmuehle. In 1987, Veba agreed to take over Dynamit Nobel AG from Feldmuehle.

The Flick brothers' statement said a number of problems at Feldmuehle Nobel made a controlling shareholding necessary.

Veba, which reported Thursday that first-quarter group net profit rose 21.6 percent to 225 million DM, said the new shares will be offered from June 7.

The Veba statement said group pretax profit in the first quarter of this year rose to 605 million DM from 496 million DM last year.

Retailers To Cooperate In Europe

Reuters

PARIS — The French supermarket operator Casino said Thursday that it had agreed to work with Argyll PLC of Britain and Royal Ahold of the Netherlands, signaling a new level of cross-border cooperation in European retailing.

Casino said the planned areas of cooperation were marketing, logistics, production, equipment purchases, development and operation of new types of stores, as well as computer management.

Casino operates corner stores, supermarkets and hypermarkets. It reported 1988 sales of 35.5 billion francs.

Argyll's sales in the year to April 1988 totaled £3.4 billion ($5.6 billion).

Royal Ahold runs the Albert Heijn, Gall & Gall, and Etos chains in the Netherlands. In the United States, it operates the Bi-Lo, Giant Food and First National Supermarkets chains.

MORGAN: *Banking Unit's Success Poses Management Questions for Wall Street Firm*

(Continued from first finance page)

Telephone & Telegraph Co. and General Motors Corp.

As a result of deals made by the fund, and some earlier investments, Morgan is now a partial owner of about 40 companies ranging from food-store chains to airplane-engine makers.

The fund contributes to Morgan's earnings in many ways. By far the most significant is the capital appreciation the firm hopes to gain from its equity stakes.

As the fund's general partner, Morgan receives 20 percent of the cumulative gains in the portfolio. But as the fund's largest limited partner, with an investment of about $200 million, it also gets about 15 percent of the remaining 80 percent.

Last year's $124 million gain resulting from its investment in Cain Chemical Inc. is the most dramatic illustration of how lucrative its dual role can be.

But merchant banking feeds into other revenue categories as well.

The firm earns a 2 percent annual fee for managing the fund's money. That contributes about $35 million, or one-third of Morgan's reported asset-management revenues.

It also receives a 1 percent organizers' fee for each leveraged buyout deal it puts together.

And then there are enormous fees for underwriting the junk bonds used to finance the leveraged buyouts, as well as fees for disposing of assets and recapitalizing entities later.

"I really do believe that people there get up every morning and thank the Lord that that revenue stream is there," one former Morgan executive said.

As Morgan's traditional businesses have grown increasingly unprofitable, along with the rest of Wall Street, senior management faces repeated tests over whether the merchant-banking fund is subject to the broader interests of the firm, or whether the fund's interests come first.

Mr. Brennan, the head of merchant banking, is a tough, brooding Irishman who spent 15 years at International Paper Co., finally becoming its vice chairman, before joining Morgan in 1982 to help oversee its investments.

Mr. Brennan, 48, is said by colleagues to run his group with fierce determination. He was invited to join the firm's prestigious management committee after only five years with the firm.

While merchant banking provides tremendous returns now, those at the helm of Morgan emphasize the cyclical nature of all of their businesses, including merchant banking.

"Five years ago we wouldn't have named merchant banking as one of our key businesses," said Robert F. Greenhill, vice chairman. "And three years from now it may well be some other one that gets all the attention."

Mr. Fisher, for example, believes that the firm's commitment to trading securities overseas and distributing them through an international sales force is already paying off.

In the first quarter, Morgan earned more in equity-trading activities in its Tokyo office than in New York.

And competitors say Morgan earned more than $100 million last year trading convertible bonds denominated in foreign currencies.

This enthusiasm for global sales and trading is not shared by some others in the firm, who believe that the competitive pressures that have undermined those businesses in the United States will eventually do so in Europe and Asia.

They question whether it is sensible to tie up large amounts of capital to station thousands of people in outposts around the world, given that those returns are unlikely to come close to those possible in areas like merchant banking.

So far, at least, several internal debates have been resolved in the merchant banking group's favor. The latest example: a change in its junk-bond strategy.

Since it began its junk-bond operation, Morgan has tended not to underwrite junk bonds unless it took a large equity position in the company in question.

But now it has decided to become more aggressive in offering junk-bond financing to companies in which it has no investment.

Morgan's junk-bond department has come under pressure in recent months because the merchant-banking group has not been generating many deals — a consequence of higher interest rates and stock market prices making good investments harder to find.

One option, of course, would have been for the merchant-banking group to lower its investment standards from the lofty 40 percent returns or higher and engage in leveraged buyouts that return, say, just 25 percent.

That would have created fee-generating opportunities for other areas of the firm, but would have lowered the fund's average returns. Morgan decided not to force the fund to change its ways.

Morgan has also made some concessions in the way the merchant-banking group is compensated.

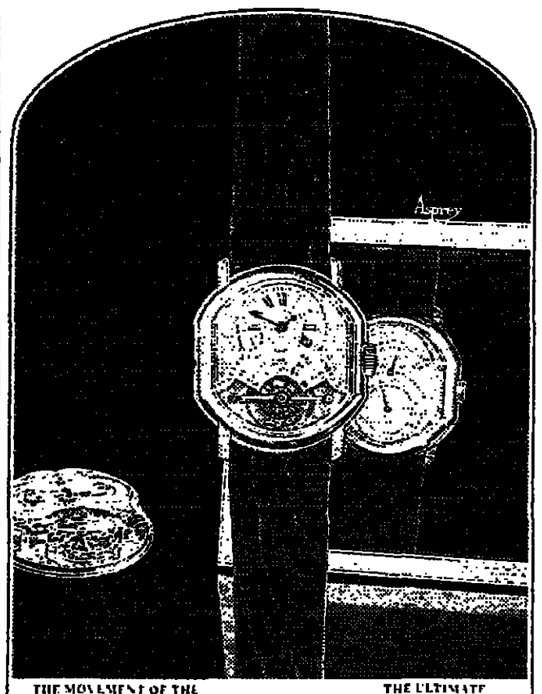
For the last few years, employees in that sector have complained that theirs was one of the few firms on Wall Street that did not permit its employees in the leveraged buyout area to invest directly in the companies they acquired for the fund.

But last year, for the first time, the firm paid about 200 of its most valued employees partly in "performance units," whose value was derived from the firm's investment in the fund.

Significantly, the executives in the merchant-banking group received a higher proportion of their compensation in these units than did others at the firm.

The more the firm moves in the direction of merchant banking, the more it risks competing head-to-head with its clients.

So far, the fund has invested in a relatively limited group of industries, but even that has generated some problems.



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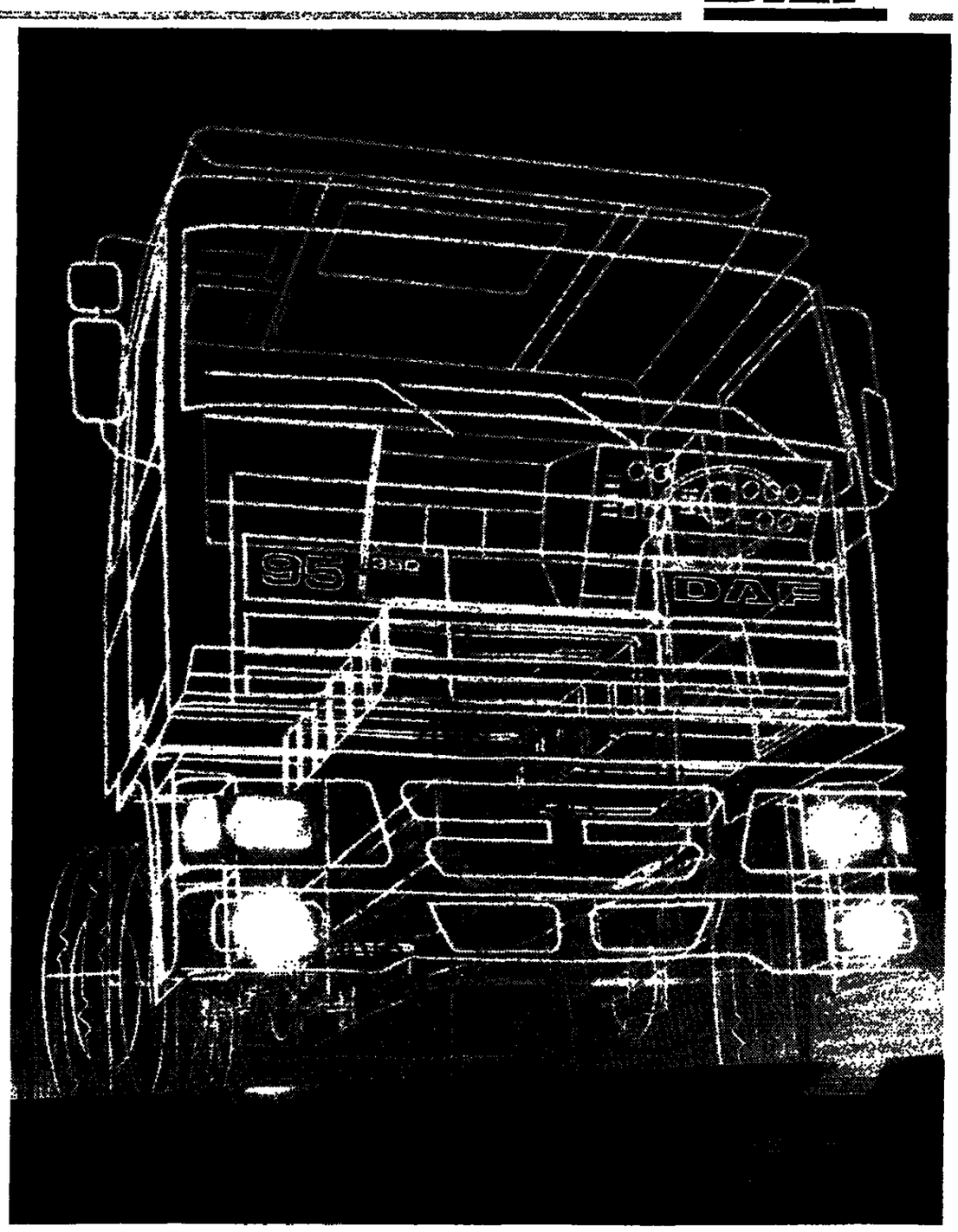

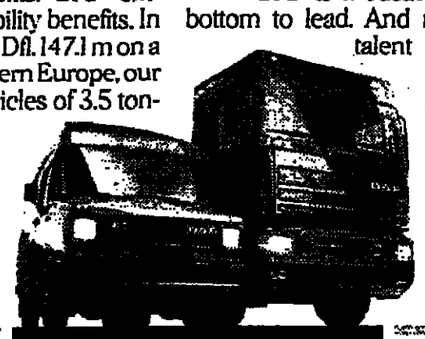

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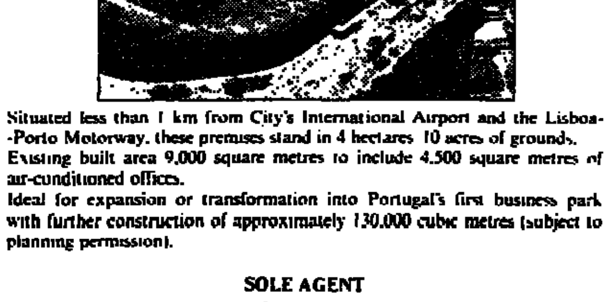
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BUSINESS ROUNDUP

Burger King Opts for 2 Ad Agencies

Compiled by Our Staff From Dispatches

MIAMI — Burger King Corp., the second-largest U.S. hamburger chain, split its $215 million domestic advertising account Thursday between two New York agencies in an effort to boost its flagging sales and profits.

The fast-food retailer, whose image has sagged in recent years, chose D'Arcy Masius Benton & Bowles and Saatchi & Saatchi Advertising to replace N.W. Ayer Inc., which had handled the account since September 1987.

Burger King was acquired by Grand Metropolitan PLC in January, as part of the British food and liquor conglomerate's $5.75 billion buyout of Pillsbury Co. Since then, Grand Met has appointed new managers to run the company, trimmed 550 employees and announced a restructuring of Burger King's troubled procurement and distribution operation.

The chain, which had systemwide sales of $5.4 billion in 5,800 restaurants during financial-year 1988, has had sluggish sales growth in recent years in its runner-up competition with the long-time fast-food industry leader, McDonald's Corp., and challengers Wendy's and Hardee's.

"This is a nontraditional approach," said Barry J. Gibbons, Burger King's chief executive officer, "but for us it is far more important to be right, rather than conventional."

Gary Langstaff, Burger King's new executive vice president for marketing, said D'Arcy Masius would spearhead efforts to reinforce Burger King's brand identity.

"Saatchi & Saatchi is going to concentrate on reinforcing that message," through special promotions and menu-specific advertising, he said. "The real key is to get a consistency."

Mr. Langstaff, the former director of marketing for Hardee's Food Systems Inc. who joined Burger King on April 1, played down any suggestion of rivalry between the two agencies. "We have had some very keen dialogue on that and both of them are very much committed to the partnership," he said.

He could not say how the $215 million account will be split, or when the partnership's first marketing campaign will be ready.

N.W. Ayer, which developed Burger King's current "We Do It Like You'd Do It" campaign, will handle advertising in the interim, Mr. Langstaff said. He declined to criticize N.W. Ayer. *(UPI, AP)*

Ernst & Whinney, Arthur Young Said To Be Near Merger Agreement

By Eric N. Berg
New York Times Service

CHICAGO — Reports are circulating throughout the accounting industry that two of the biggest U.S. firms — Ernst & Whinney and Arthur Young & Co. — will announce a merger that would create the world's largest accounting firm.

The most detailed report was an article published Thursday in Bowman's Accounting Report, a leading industry newsletter. The article reported that the governing councils of the two firms had agreed to merge and that Ernst & Whinney and Arthur Young partners around the world would soon be asked to vote on such a combination.

A senior Ernst & Whinney partner, meanwhile, who asked not to be named, said Wednesday night that a special meeting of the firm's New York partners had been scheduled for Thursday and that "an announcement can be expected from the firm over the weekend."

However, Carl D. Liggio, general counsel of New York-based Arthur Young, said, "It's news to me."

Michael Grobstein, an Ernst & Whinney vice chairman, declined comment.

Arthur Young said it had no comment, but added that it would release a more definitive statement on the situation if and when it is appropriate to do so.

The Bowman's article said the fine points of a merger were hammered out last Monday, when the two firms' top officials met in secrecy on the 23rd floor of Arthur Young's New York headquarters.

It added that Arthur Young's managing partners learned of the deal in a closed-circuit teleconference Wednesday; that the firm's remaining partners were to be briefed Thursday and Friday; and that William Grant, one of two managing partners of Arthur Young, would head the combined firm as managing partner, with Mr. Groves of Ernst & Whinney serving as chairman.

"The executive committees have a merger deal worked out," said Arthur Bowman, the editor of Bowman's, saying he had obtained his details from "multiple sources within the firms."

If a merger between Arthur Young and Ernst & Whinney is consummated, it would create a vast professional-services firm that would be the largest in the world based on a number of criteria.

Ernst & Whinney is the world's fifth-largest accounting firm, with $2.2 billion in revenue. Arthur Young ranks sixth with $2.1 billion. Together, their $4.3 billion in revenue would exceed that of the current world leader in billings — KMPG-Peat Marwick, which in 1988 had revenue of $3.9 billion.

In the United States, the combined firm's $2.02 billion in revenue would be slightly larger than that of the current leader, Arthur Andersen & Co., which last year reported revenue of $1.71 billion.

By analysts' best estimates, roughly 45,000 people would work at a combined firm. Their 500 offices would be spread out in just about every developed nation.

One of the biggest reasons for a merger, analysts said, would be to give both firms a greater presence in Europe, where accounting firms are bracing for the formation of a single, unified market in 1992.

Throughout the accounting industry, the sentiment is that size will be necessary to attract the large multinational firms that will dominate the European market.

"The bigger you are, the better you are; that's just the way Europeans think about accounting firms," Mr. Bowman said.

Volvo Lifts Profit 46% but Fails to Impress

Reuters

STOCKHOLM — The Swedish car and truck maker, Volvo AB, announced Thursday that it lifted its first-quarter profit more than 46 percent to 1.99 billion kronor ($308.8 million), but the result was below analysts' expectations.

The profit compared with 1.36 billion kronor in the first quarter of 1988, when Volvo's earnings were depressed by a strike that almost halted production for three weeks.

First-quarter earnings this year would have shown a slight decline had the year-earlier results omitted the strike, which the company said cost it 800 million kronor.

Volvo's stock slipped to 473 kronor on the Stockholm market, from 475 on Wednesday.

The quarterly result came on a 7.7 percent increase in sales, to 23.07 billion kronor.

Car sales rose by 20 percent and truck sales by 27 percent, Volvo said, but did not give a breakdown on profits among its divisions.

"These figures reflect the fact that there is a bit of a margin squeeze on car sales going on, especially in North America," said Peter Dupont, analyst with the UBS Phillips & Drew brokerage in London. "Margins have been falling for some time and now it shows."

Volvo's president, Gunnar Johansson, said earnings had been somewhat depleted by heavy investment in product development.

"Our competitiveness continues to be strong," he said. "Even if we find it more difficult to maintain our gross margins on passenger cars, we are the most successful European exporter of cars to the United States."

Volvo said it had increased car sales in North America despite a decline in the overall market. Sales in Europe were also higher, except in the Nordic countries.

The company's share of the heavy truck market both in Western Europe and the United States increased, Volvo said, and the order backlog remained very large, but orders were beginning to level off in some European markets.

As expected, net interest income fell, from 277 million kronor to 195 million, as a result of increased investment in plant and development, while foreign-exchange movements resulted in a loss of 58 million kronor on long-term foreign currency loans.

Volvo's aerospace division increased sales by 41 percent, but food-division sales fell by 4 percent as the company disengaged from the international fish-trading market after heavy losses last year.

CHRYSLER: *Thrifty Deal Set*

(Continued from first finance page)

fleet size of more than 33,000 vehicles, is the fifth-largest auto-rental company in North America.

Thrifty's revenue for the financial year ended June 30, 1988, was $753 million. The company earned $9. million.

Chrysler said it had been granted options by Thrifty's five principal shareholders to acquire about 54 percent of the company's outstanding shares, giving Chrysler a controlling interest.

"We are delighted by the prospect of joining forces with Chrysler," said William E. Lobeck Jr., chairman of Thrifty. "Our board of directors recommends unanimously that stockholders tender their shares.

"With Chrysler's resources behind us in the future, we can expect additional growth for the company," he said.

Ford, the No. 2 U.S. automaker, holds 55 percent of the stock of Hertz Corp., the largest U.S. automobile renter. In a deal announced earlier this month with Volvo North American Corp., Volvo acquired a portion of Ford's equity which would reduce Ford's ownership to 49 percent of the Hertz stock.

Last October, Ford agreed to provide $324 million in financing for the acquisition of Budget Rent-A-Car Corp. by Beech Holdings Corp. That deal went through in March. Ford's equity in that deal involved nonvoting preferred shares.

GM acquired a minority interest last October in National Car Rental. GM has declined to reveal the amount of that interest or its cost.

The tender offer, which is expected to begin by May 24, will be subject to various government approvals. The transaction will be managed by Merrill Lynch Capital Markets. *(AP, Reuters)*

RANKS: *Group Buys Stake*

(Continued from first finance page)

board's view that the proposed bid" by Ranks "is totally inadequate."

The entry of Sunningdale to the fray represents the first joint investment venture by Sir James, the British-French financier, and Mr. Rothschild since the businessmen announced plans in March to turn Anglo Leasing PLC into an acquisition vehicle. Anglo Leasing is to be owned equally by their interests, which also have holdings in Sunningdale.

Sunningdale is controlled by General Oriental Investments Ltd.; J. Rothschild Holdings PLC; RIT Capital Partners PLC, associates of J. Rothschild Holdings Group; Paribas and associates; and C.P. Investments (Singapore) Pte., a subsidiary of Mr. Packer's Consolidated Press Holdings Ltd.

Mr. Rothschild and Sir James have said the aim of their new company would be to acquire one or more large publicly quoted British companies which could benefit from restructuring.

Goodman Fielder, which has been seeking a buyer for its 29.9 percent stake in Ranks since its bid for the British foods group lapsed last August following referral to the British Monopolies Commission, stands to make a windfall gain on the sale. It paid an average 314 pence per share to build up its stake over the previous two years.

In recent talks with Ranks, Goodman has indicated it might be willing to proceed with a merger, but only on its own terms. It has rejected the initial offer, saying it does not adequately reflect the value of the company.

Ranks, which holds a 14.9 percent stake in Goodman, said the sale breached one of the conditions of the bid, adding that it was still considering what actions to pursue.

Mr. Goodman said in his statement, "The sale of the RHM shareholding not only significantly enhances the quality of GFW's earnings but also dramatically reduces its borrowing and interest commitments.

"The impact of the RHM investment has had a depressing effect on GFW's share price since GFW's bid for RHM was referred to the U.K. Monopolies and Mergers Commission last August," he said. "With a strong balance sheet, GFW is now well positioned to continue its growth path." *(AP, Reuters, AFP)*

ROWLAND: *Lonrho Fight for Harrods Almost Over*

(Continued from first finance page)

their evidence, the Fayeds probably used their links with the Sultan of Brunei, reputedly the world's richest man. Mohammed Fayed has served as an adviser to the sultan in the past, including acting on his behalf in his purchase of London's Dorchester Hotel.

The Fayeds have denied any wrongdoing and maintained that the money for the acquisition was theirs. The sultan has denied that the funds for the takeover came from him, directly or indirectly.

After the extracts of the government inquiry appeared in The Observer, Lord Young said the report "clearly disclosed wrongdoing." But he restated his position that it would be "inappropriate" to refer the bid to the mergers commission. Lord Young added that he would not publish the inspectors' report as long as the criminal inquiry, conducted by the police and Britain's Serious Fraud Office, was in progress because making the report public could prejudice the investigation.

Under British law, the House of Fraser takeover cannot now be undone unless the criminal investigation makes new allegations of wrongdoing, not covered in the Trade Department inspectors' report.

Only based on new allegations could Lord Young reopen the case and send it to the mergers commission.

Yet because the trade inspectors' report was so wide-ranging, claiming the Fayeds did everything from misrepresent their wealth to submit false birth certificates, it would be difficult to imagine entire new areas that any criminal investigation could uncover. Under British law, the Fayeds could in theory face criminal investigation, trial and imprisonment, but still not have to relinquish ownership of Harrods.

"The ownership issue was effectively dead and buried this afternoon," said Royston Webb, legal counsel for House of Fraser Holdings Ltd., the umbrella company for Harrods and House of Fraser, whose only shareholders are the Fayed brothers.

"The decision of the supreme court of this country finally brings to an end Lonrho's four-year campaign of unparalleled intensity over the ownership of the House of Fraser stores group," House of Fraser said in a statement. "That is now irrevocably behind us."

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(r) Managed Currency	$	1094.13
(r) Futures	$	789.54
(w) Equity	$	972.32
(w) Bond	$	1005.92
ALPHA ASSET MANAGEMENT LTD.		
(m) Alpha Global Fund	$	588.43
(w) Nicholas-Applegate Aurelia.	$	124.66
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(d) Conbar	SF	1890.00
(d) Equibaer America	$	1402.00
(d) Equibaer Europe	SF	1571.00*
(d) Equibaer Pacific	SF	1795.00*
(d) Stockbar	SF	2206.00*
(d) SFR-BAER	SF	967.00*
(d) Swisbar	SF	2343.00*
BAII MULTICURRENCY		
(r) Multicurrency US$	$	1,268.47
(r) Multicurrency Ecu	ECU	1,149.40
(r) Multicurrency Yen	Y	246,271.00
(r) Multicurrency FFR	FF	11,157.04
BNP INTERFUNDS		
(w) Interbond Fund	$	181.83
(w) Intercurrency US$	$	10.59
(w) Intercurrency DM	DM	30.15
(w) Intercurrency Sterling	£	10.34
(w) Intercurrency Managed	$	10.58
(w) Interequity French Offer	$	14.06
(w) Interequity Pacific Offer	$	17.35
(w) Interequity N. Amer. Offer	$	12.23
(w) Interequity European Class	$	9.23
(w) Interequity Australia Cls.	$	9.90
(w) Interlux Capital Belgian	LF	54,367.00
(w) Interlux Cap.Fr Securite	FF	11,252.29
(w) Interlux Capital FFr	FF	13,157.50
(w) Interlux Cap.France Cap.	FF	10,915.91
(w) Interlux Cap. LUF/BEF	LF	48,030.00
(w) Interlux Capital ECU	ECU	1,251.88
BANQUE BELGE ASSET MGMT FUND		
Share Distributor Guernsey 0481 26614		
(w) Int'l Equity Fund (Sicav)	$	11.29
(w) Int'l Bond Fund (Sicav)	$	10.16
BANQUE INDOSUEZ		
(w) Asian Growth Fund	$	30.99
(w) Asian Income Fund	$	9.03*
(w) Diverbond	SF	84.95
(w) FIF-Internat. Div.A	$	17.51
(w) FIF-Internat. Div.B	$	18.21
(w) FIF Internat.America	$	15.32
(w) FIF Internat.Pacific	$	48.15
(w) FIF Internat.Europe	$	24.24
(w) FIF Internat.Japan	Y	1,222.00
(w) FIF Int. Nat. Res. A	$	11.02
(w) FIF Int. Nat. Res. B	$	11.02
(w) France International	$	100.10
(w) France Blue chips No 1	FF	110,859.92
(w) Indosuez Multibonds Div.A	$	121.00
(w) Indosuez Multibonds Div.B	$	276.40
(w) Indosuez Multibonds US$	$	107.22
(w) Indosuez Multibonds YEN	Y	9,926.00
(w) Indosuez Multibonds DM	$	102.80
(w) IPNA-3	$	1120.00
(w) Malacca Fund	$	10.91
(w) The Siam Fund	$	15.54
(w) Pacific Gold Fund	$	11.93
BANQUE PRIVEE E. DE ROTHSCHILD		
(b) Curator BP Fixed Inc.Fund	DM	106.87
(b) Curator BP General Fund	DM	134.16
(w) Daiwa Lcl Equity	$	1084.05
(w) Daiwa Lcl Int. Bond	$	1077.14
(b) Eagle Fund	LF	1073.17
(w) Ecu D'Or	ECU	96.60
(b) Governm. Sec. Fund*	$	73.98
(w) Leicom	$*	2418.61
(b) Opportunities Fund	$	788.93
(b) Priray fund	DM	48.02
(b) Pridirst	$	501.11
(b) Pri-Tech	$	1167.49
(w) Rente Plus	BF	57769.00
(t) Select. Horizon Dev.	FF	52505.52
(t) Select. Horizon FF	FF	55739.93
(b) Source Sicav	$	10.99
(b) Star Conv.Fund FL	FL	9882.00
(b) Star Conv.Fund USD	$	97.56
BANQUE SCANDINAVE EN SUISSE-GENEVA		
(w) BSS Bond Fund	SF	79.20*
(w) BSS Intelsec.	SF	1798.05
(w) BSS Int'l Bond	$	1.17*
(w) BSS Int'l Equity	$	2.085
B.F.A.C.M.		
(w) Ecu Multiplacement	ECU	1158.27
BROADGATE INTERNATIONAL FUND		
(d) $ Money Market	$	12.18
(d) Non-$ Money Market	DM	29.98
(w) $ Bond	$	12.48
(w) Non-$ Bond	DM	31.10
(w) Global Equity	$	16.19
(w) Global Bond	$	12.80
(w) Global Bond & Equity	$	13.72
(w) Prec. Mets/Min. Secs	$	6.27
BJW MANAGED ASSETS CY, SICAV		
(!) Global Bond Fund	ECU	10.84
(!) European Securities Fund	ECU	12.01
(!) French Securities Fund	FF	116.44
(!) North American Secu.Fund	$	10.71
(!) Pacific Basin Secu. Fund	$	9.78
CAISSE CENTRALE DES BANQUES POP.		
(d) Fructilux-Obl.FSES	FF	5,565.81
(d) Fructilux-Obl.Euro	ECU	1,031.40
(d) Fructilux-Act.Fses	FF	4,948.57
(d) Fructilux-Act.Euro	ECU	1,174.56
(d) Fructilux-Tresorier	FF	5,583.77
CALLANDER		
(w) Callander Emer. Gr.	$	112.74
(w) Callander Fund-Asset	$	105.31
(w) Callander Fund-Span.	Ptas	10,541
CAPITAL INTERNATIONAL		
(w) Capital Int'l Fund	$	87.67*
(w) Capital Italia SA	$	33.11
CDC INTERNATIONAL		
(w) CFI Court Terme	FF	113870.42
(w) CFI Long Terme	FF	1126730.06
CIC GROUP		
(d) Oblicic Monetaire	FF	11132.61
(d) Oblicic Court Terme	FF	11458.53
CITICORP INVESTMENT BANK (Lux.)		
POB 1373 Luxembourg Tel. 477.95.71		
(d) Citicur USD Portofolios	$	1267.61
(d) Citinvest Ecu Income	ECU	1286.62
(d) Citinvest Manag. Growth	$	1148.73
(d) Cit.Manag.Growth Euro	ECU	1044.67
(d) Citinvest Profit Sharing	$	942.88
(d) Citinvest Selector	$	889.43
(d) Citinvest Guardian $	$	1043.80
(d) Citinvest Guardian Euro	ECU	1077.32
(d) Citiport N.A Equity	$	131.29
(d) Citiport Jap. Equity	Yen	11138.00
(d) Citiport UK Equity	£	116.26
(d) Citiport S.Asian Eq.	$	126.44
(d) Citiport Cont.Euro. Eq.	ECU	121.08
(d) Citiport N.A.$ Bond	$	106.56
(d) Citiport Euro Bond	ECU	101.86
(d) Citiport AS.Pac.Bd.	YEN	10463.00
CITITRUST		
(w) US. $ Equities	$	202.87171
(w) US. $ Bonds	$	11.48006
(w) US. $ Money Market	$	12.73849
(w) Global Equities	$	9.98000
(w) Global Money Market	$	11.27000
(w) Global Bonds	$	11.19000
CCF - GAMMA		
(w) CM Actibonds	$	36.28
(w) CM Global Growth	$	11.49
(w) CM North Amer Grth	$	9.09
(w) Elysees Court Terme	FF	57,344.84
(w) Elysees Long Terme	FF	33,727.11
(w) Elysees Monetaire	FF	58,131.00
(w) Elysees Multibonds Funds	£	106.74
(w) EMF D-Mark (A&B)	DM	1,004.33
(w) EMF Ecu (A & B)	ECU	1,012.17
(w) EMF US Dollar (A & B)	$	1,032.95
(w) EMF Yen (A & B)	YEN	100,326.00
(d) Europe Prestige Fund A	ECU	10.20
(d) Europe Prestige Fund B	ECU	10.70
(w) European Smir Cos. Fd.A	ecu	13.10
(w) European Smir Comp.Fd.B	ecu	13.10
CODEVALOR SICAV		
(w) C.Rendement Fr.Suisse	SF	1887.47
(w) C.Rendement US$	$	1417.89
(w) C.Croissance Dollar	$	1489.92
(w) C.Croissance Zone Sterling	£	971.91
COMPASS INTL. HOLDINGS Ltd.		
POB 455, Jersey 0534 27267		
(w) Bond:Dollar Medium Term	$	10.50
(w) Bond:Ecu Multicurrency	ECU	10.16
(w) Equity:United Kingdom	£	11.38
CREDIT SUISSE (ISSUE PRICES)		
(d) CSF Bonds	SF	81.25
(d) Bond Valor Swf	SF	108.65
(d) Bond Valor US-DOLLAR	$	119.34
(d) Bond Valor D-mark	DM	111.17
(d) Bond Valor Yen	Y	10,935.00
(d) Bond Valor £ Sterling	£	99.19
(d) Convert Valor Swf	SF	154.45
(d) Convert Valor US-DOLLR	$	167.58
(d) CSF International	SF	141.75
(d) Actions Suisses	SF	553.00
(d) Europa-Valor	SF	225.75
(d) Energie-Valor	SF	164.25
(d) Canasec	SF	668.00
(d) Ussec	SF	901.00
(d) Pacific-Valor	SF	254.75
(d) CS Gold Valor	$	139.10
(d) CS Ecu Bond A	ECU	100.88
(d) CS Ecu Bond B	ECU	115.57
(d) CS Europa Bond 'A'	DM	249.06
(d) CS Europa Bond 'B'	DM	249.06
(d) CS Gulden Bond A	FL	98.87
(d) CS Gulden Bond B	FL	109.90
(d) CS Prime Bond 'A'	DM	96.50
(d) CS Prime Bond 'B'	DM	101.97
(d) CS Short-T. Bd DM A	DM	99.26
(d) CS Short-T. Bd DM B	DM	109.61
(d) CS Short-T. Bd $ A	$	98.61
(d) CS Short-T. Bd $ B	$	111.56
(d) CS Money Market Fund	$	1386.88
(d) CS Money Market Fund	DM	1211.40
(d) CS Money Market Fund	£	1447.46
(d) CS Money Market Fd Yen	Y	114,415.00
DIT INVESTMENT FFM		
+(d) Concentra	DM	37.35
+(d) Int'l Rentenfond	DM	79.44
DREXEL BURNHAM LAMBERT INC		
Winchester House, 77 London Wall		
LONDON EC2 (01 9209797)		
(w) Finsbury Group Ltd	$	160.57
(w) Winchester Capital	$	108.57
(w) Winchester Holdings	FF	140.55
(w) Winchester Holdings	£	14.45
(w) Winc.Holdings Ltd.E.B.S	ECU	1143.20
(w) Winc.ReserveL.E.B.S	ECU	1097.34
(w) Winc.Reserv.MultiGvBd.	ECU	11.70
(w) Worldwide Securities	$	31.83
(w) Worldwide Special	$	738.12
(m) Winch Fut.Diversified	$	18.23
(m) Winch Fut.Orion Series	$	21.52
(m) Winchester Frontier	$	176.22
(m) Winchester Recovery Ltd	$	91.58
EBC TRUST CO.(JERSEY) LTD.		
1-3 Sele St.,St. Helier :0534-36331		
EBC AMRO TRADED CURRENCY FUND.		
@(d) Inc.: Bid. $ 12.49 Offer	$	12.905*
@(d) iCap.: Bid. $ 19.34 Offer	$	19.837
INTERNATIONAL INCOME FUND		
(d) Short Term 'A' (Accum)	$	1.1341
(d) Short Term 'A' (Distr)	$	0.7368
(d) Short Term 'B' (Accum)	$	1.3886
(d) Short Term 'B' (Distr)	$	0.9897
(w) Long Term	$	28.64*
ELDERS SECURITIES INC.		
W. Rotter, (212) 573-0440		
(d) EFF	$	310.03
(d) ESP	$	134.73
(d) EMR	$	99.30
ELDERS SWITZ.(022) 34 79 79		
(w) Elders Int Bid SF 106.25 Offer	SF	112.50
(w) Elders Aus Bid AS 88.75 Offer	AS	94.00
EQUIFLEX LIMITED		
(w) Europe A	FL	11.05
(w) Global A	FL	12.11
(w) North America A	FL	10.46
(w) UK Equities	£	10.47
(w) UK Small Co.	£	10.57
EURO PACIFIC ADVISERS Ltd.		
(w) Comete	$	799.45
(w) Meteore	Y	120,773.00
(w) Pacific Horizon Invt. Fd	$	1910.25
F&C MGMT. LTD. INV. ADVISERS		
1, Laurence Pountry Hill, EC4. 01-623-4680		
(w) F&C Atlantic	$	18.65
(w) F&C European	$	25.03
(w) F&C Oriental	$	87.14
(w) F&C N. American M C Fd	$	9.04
(w) F&C Nordic Fund	$	11.74
FIDELITY INT'L INV. MGMT (LUX.) S.A.		
(d) New Europe Fund	$	9.95
(d) Fidelity Conv. Sec. Portf.	$	9.99
FIDELITY POB 670, Hamilton Bermuda		
(m) Fid. Amer. Vol.II Com.	$	101.47
(m) Fid. Amr.Vol.II Cum.Pref.	$	101.50
(m) Fid. Amer. Vol.III Com.	$	55.99
(m) Fid. Amr.Vol.III Cum Pref.	$	101.43
(d) Fidelity Amer. Assets	$	120.78*
(d) Fidelity Australia Fund	$	15.55
(d) Fidelity Dir. Svgs.Tr.	$	160.96
(d) Fidelity Pacific Fund	$	302.31
FIDELITY INT'L SERVICE (LUX.)		
(d) Balanced Portfolio-hedged	$	11.13
(d) Balanced Portfolio-unhedg	$	11.00
(d) Fidelity Discovery Fund	$	17.31
(d) Fidelity Far East Fund	$	42.48
(d) Fidelity Frontier Fund	$	21.49*
(d) Fidelity Global Ind. Fd	$	12.65
(d) Fidelity Global Selct Fd	$	11.98
(d) Fidelity Int'l. Fund	$	13.10
(d) Fidelity Orient Fund	$	97.33
(d) Fidelity Sect. Growth Fd.	$	33.25*
(d) Fidelity World Fund	$	48.51
FIDELITY PERFORM PORTFOLIOS LTD.		
(d) American Portfolio	$	0.96
(d) European Portfolio	$	1.44
(d) Japan Portfolio	$	1.28
(d) South East Asian Portfolio	$	0.98
(d) U.K. Portfolio	$	1.11
(d) Int. Bond Portfolio	$	0.95
(d) Global Convs. Portfolio	$	0.95
(d) Intl. Equity Income Ptfl.	$	1.01
(d) Recovery Portfolio	$	1.04
(d) Sterling Liquidity Ptfl.	£	10.52
(d) Dollar Liquidity Portfolio	$	10.33
(d) Hard Curr. Liquidity Ptfl.	$	8.58
FOKUS BANK A.S. 472 428 555		
(w) Scanfonds Int'l growth fd	$	1.41
FORBES PO 887 GRAND CAYMAN		
London Agent 01-839-3013		
(w) Forbes High Inc. Gilt Fd	£	48.70
(w) Gold Income	$	4.06
(w) Gold Appreciation	$	3.95
GAIA CURRENCY HEDGE FUNDS		
(w) Gaia Hedge I	$	95.39
(w) Gaia Hedge II	$	137.35
GAM ANLAGEFONDS AG.		
POB 164, 8034 Zurich Tel.41-1-2514640		
(w) GAM (CH) America	SF	1228.00
(w) GAM (CH) Mondial	SF	1614.00
(w) GAM (CH) Pacific	SF	1588.00
GARTMORE FUND MANAGERS INT.		
45,La Motte Street, JERSEY 0534 27301		
CAPITAL STRATEGY FD. LTD.		
(d) Sterling Deposit	£	1.028
(d) US$ Deposit	$	1.018
(d) DM Deposit	DM	5.057
(d) Yen Deposit	Y	503.40
(d) Sw. Fr. Deposit	SF	5.053
(d) Austr.Dollar Dep. fd	AS	1.033
(d) French Franc Deposit fd.	FF	10.15
(d) N. American	$	1.57
(d) Japan	Y	668.00
(d) Pacific Basin	Y	304.00
(d) International growth	$	2.84
(d) British	£	2.19
(d) Sterling Gilt	£	1.08
(d) International Bond	$	1.18
(d) Yen Convertible bond	Y	2944.00
(d) European Fund	DM	5.32
(d) E.C.U. Fund	ECU	0.96
(d) Australasian fund	£	0.32
(d) Canadian fund	Can$	0.89
(d) Emerging Markets Fund	£	1.16
(d) Global Resources Fund	$	0.74
GEFINOR FUNDS		
London:01-4994171, Geneva:41-22355530		
(w) East Investment Fund	$	995.43
(w) Scottish World Fund	£	198.0099
(w) State St. American	$	274.55
GENERALE BANK		
(see also Interselex Group)		
(d) Rentinvest	$	26.80*
(d) Capital Rentinvest	$	115.96
(d) Rentinbel Distr.	LF	9,936.00*
(d) Rentinbel Cap.	LF	18,451.00
GLOBAL ASSET MANAGEMENT CORP.		
11 Athol St.Douglas.I. of Man.44-624-26037		
(w) Futurgam S.A.	$	170.58
(w) GAM Arbitrage Inc	$	235.79
(w) GAMerica Inc	$	227.31
(w) GAM Australia Inc.	$	133.46
(w) GAM Asean Inc	$	132.34*
(w) GAM Boston Inc	$	158.75
(w) GAM Ermitage	$	25.17
(w) GAM European Inc	$	103.20
(w) GAM Franc-Val Inc.	SF	242.15
(w) GAM France Inc	FF	1340.72
(w) GAM Global Fund	$	112.47
(w) GAM High Yield Inc.	$	107.01
(w) GAM Hong Kong Inc.	$	215.87*
(w) GAM International Inc	$	145.80
(w) GAM Japan Inc.	$	394.10
(w) GAM Money Mkts. Fund	$	103.92*
(w) GAM Money Mkts. Fund	£	104.99*
(w) GAM Money Mkts. Fund	SF	101.91*
(w) GAM Money Mkts. Fund	DM	102.86*
(w) GAM Money Mkts. Fund	Y	10,127.00*
(w) GAM Pacific Basin Fund	$	115.54
(w) GAM Pacific Inc	$	443.96
(w) GAM Restr. Fd. Inc.	$	160.96*
(w) GAM Singapore/Malay Inc	$	173.93
(w) GAM Swiss Fr Spec Bond Fd	SF	101.58
(w) GAM Value Inc.	$	105.00
(w) GAM Worldwide Inc	$	433.43
(w) GAM Tyche S.A. Class A	$	178.47
(w) GAM U.S. Inc.	$	142.84
(w) GAM Whitethorn Fund Inc.	$	125.79
(w) GAM ut Inc.	$	219.15
(w) GSAM Composite Inc.	$	205.79*
(w) GSAM Int. Inc. U.S Ord.	$	111.48*
(w) GSAM Int. Inc.U.S Spe.	$	122.02*
(w) GSAM Interest Inc.	SF	97.63*
(w) GSAM Interest Inc.	£	103.67*
(w) GSAM Interest Inc.	DM	95.76
(w) GSAM Interest Inc.	Y	11,955.00*
G.T. MANAGEMENT PLC		
(r) G.T. Applied Science	$	14.50
(d) G.T. ASEAN Fund	$	39.22
(d) G.T. Asia Fund	$	12.72*
(d) G.T. Australia Fund	$	28.50*
(d) G.T. Berry Japan Fund	$	34.27*
(w) G.T.Biotechn/Health Fund	$	8.75
(d) G.T. Bond Fund	$	16.09*
(d) G.T. Britain Fund	£	8.66
(d) G.T. Deutschland Fund	$	9.98
(d) G.T. Dollar Fund	$	19.31*
(d) G.T. Europe Fund	$	27.88
(w) G.T. Euro. Small Cos. Fund	$	28.43
(d) G.T.Global Small Cos.Fund	$	12.07
(d) G.T.Global Technology Fd	$	18.26*
(d) G.T. Hong Kong Fund	$	28.56*
(d) G.T. Honshu Pathfinder	$	9.49
(d) G.T. Investment Fund	$	10.79
(w) G.T. Japan Sml Co.Fd	$	17.07*
(d) G.T. Nat Res. Fd Gold Class	$	6.40
(d) G.T. Newly Ind. Countr. Fd	$	28.30
(d) G.T. Select Dollar Bd Pfl	$	8.97
(d) G.T. Select Int Bd Pfl.	$	9.36*
(d) G.T. Select Gilt Pfl.	£	8.79*
(r) G.T. Technology Fund	$	33.27
(d) G.T. U.K. Small Companies	$	10.42
(d) G.T. Univ.Growth Fund	$	10.24
(w) G.T. U.S. Small Companies	$	12.30
HILL SAMUEL INVEST. MGMT. INTL. S.A.		
Jersey, P.O. Box 63, Tel 0534 76029		
Berne, P.O. Box 2622, Tel 4131 224051		
(d) Crossbow (Far East)	SF	19.73
(d) CSF (Balanced)	SF	38.50
(d) European Equity Fund	DM	16.80
(d) Intnl. Bond Fund	$	12.75
(d) Int. Currency U.S.Manag'd	$	25.30
(d) ITF Fd (Technology)	$	19.64
(d) O'Seas Fd (N. AMERICA)	$	46.44
(d) Int. Currency U.S.	$	32.31
IAM, 2 Bd. Royal LUXEMBOURG		
(d) Iam Flagship Fund	ECU	88.49
(w) Iam Bonds Fund-France	FF	546.47
(w) Iam Bonds Fund-Deutschl	DM	211.78
(w) Iam Bonds Fund-Japan	Y	11,025.80
(w) Iam Bonds Fund-Switz.	FS	205.66
(w) Iam Bonds Fund-U.S.A	$	108.73
(w) Iam Bonds Fund-Europe	ECU	111.36
(w) Iam Bonds Fund-Netherl	FL	212.98
INTERSELEX GROUP		
(d) Int.America Fund	$	15.08*
(d) Int.Belga Fund	LF	3166.00
(d) Int.Europa Sicav	LF	6271.00
(d) Int.Pacific Fund	$	1351.09*
(d) Int.World Fund	$	94.38*
ISLAMIC MGMT FUND LTD	$	1037.68
CSFB Fund Mgmt Ltd (0481-713996)		
PB122 St. Peter Port,Guernsey		
JARDINE FLEMING, GPO Box 11448 Hg Kg		
(d) J.F Japan Trust	Y	15,557.00
(d) J.F Pacific Sec. Trust	$	28.95
(d) J.F Pacific Income Trust	$	90.38
(d) J.F Hong Kong Trust	$	75.75
(d) J.F European	$	9.51
(d) J.F International	$	13.64
(d) J.F Glb Convertibles Trust	$	18.74
LLOYDS BANK PLC, POB 438, Geneve 11		
Mrs. C. Berteletti,(22) 208611/ext. 2222		
+(w) Lloyds Int'l Dollar	$	110.30
+(w) Lloyds Int'l Europe	SF	182.10
+(w) Lloyds Int'l Growth	SF	238.20
+(w) Lloyds Int'l Income	SF	287.00
+(w) Lloyds Int'l N. America	$	149.40
+(w) Lloyds Int'l Pacific	SF	267.10
+(w) Lloyds Int'l. Smaller Cos	$	17.13
MAN INTERNATIONAL FUTURES		
(m) Mint Limited - Ordinary	$	37.52
(m) Mint Limited - Income	$	13.93
(m) Mint Gtd Ltd - Spec Issue	$	18.07
(m) Mint Gtd Ltd - Series A	$	19.42
(m) Mint Gtd Ltd - Nov 1993	$	17.22
(m) Mint Gtd Ltd - Jan 1994	$	13.54
(m) Mint Gtd Ltd - Dec 1994	$	11.94
(m) Mint Gtd Ltd - Aug 1995	$	9.61
(m) Ftme Mint Gtd Plc	$	107.31
(m) Mint Sp Res Ltd (BNP)	$	94.15
(m) Newcastle Guaranteed Ltd	$	10.07
MAGNUM FUTURES FUND LTD.		
(m) Sterling Class	£	4.91
(m) U.S Dollar Class	$	9.73
MERRILL LYNCH		
(d) Dollar Assets Portfolio	$	1.00
(d) First Convertible Sec. Fd	$	11.38
(d) Iberia portfolio	$	10.60
(d) Multi-Curr. Bond Portfolio	$	12.93
(d) U.S.A Income Portfolio	$	9.04
(d) US Federal Securites	$	9.53
(d) World Nat Res Pfl. Share A	$	10.16
(d) World Nat Res Pfl. Share B	$	10.14
MIM BRITANNIA,POB 271, St. Helier, Jersey		
(d) Int.High Income	$	2.482*
(d) Dollar Man.Curr	$	14.63
(d) Dollar Man. Port	$	2.152*
(d) Sterling Man.Port	£	1.781*
(d) Pioneer Markets	£	2.892*
(d) U.K. Growth	£	1.074
(d) Amer. Inc. & Growth	$	1.376
(d) Gold & Prec. Metals	$	0.935
(d) Sterling Man. Curr.	£	17.12*
(d) Japan Dollar Perf. Fd	$	4.332
(d) Jersey Gilt	£	0.1865
(d) Okasan Global Strat	$	16.74
(d) Asia Super Growth Fund	$	12.62
NIMARBEN		
(w) Class A	$	133.45
NMB BANK,PO 1800,1000 BV Amsterdam.		
(w) The Brazil Fund	$	3.34
(w) NMB Dutch Fund	FL	36.20
OBLIFLEX LIMITED		
(w) Multicurrency	$	19.89
(w) Dollar Medium Term	$	15.27
(w) Dollar Long Term	$	13.98
(w) Japanese Yen	$	24.51
(w) Pound Sterling	£	15.10
(w) Deutsche Mark	DM	12.45
(w) Dutch Florin	FL	12.77
(w) Dutch Florin Multi.	FL	10.28
(w) Swiss Franc	SF	10.32
(w) Swiss Multicurrency	SF	12.36
(w) European Currency	ECU	13.72
(w) Convertibles	$	10.44
(w) Swiss Multi-dividend	SF	10.53
NOMURA INVEST BANKING (M.E) E.C.		
(d) Nomura Gulf Fund	$	10.09
PARIBAS-GROUP		
(d) Belux Fund	LF	10,803.00
(d) Cortexa International	$	122.76
(d) Ecupar	ECU	1,347.15
(d) Far East Growth Fund	$	158.34
(d) Linxar	$	8.58
(d) Moneyflow	$	10,034.00
(d) Paresarge Growth	$	20.22
(d) Parinter Fund	$	220.93
(d) Par US Treas. Bond 'Cl. B'	$	145.11
(d) Europhenix	FF	1,313.23
(d) Parinter Bond Fund	$	13.19
(d) Paribas-Rente 'A'	LF	1,288.00
(d) Paribas-Rente 'B'	LF	1,387.00
(d) Obli-Franc	FF	1,189.35
(d) Obli-DM 'A'	DM	1,211.24
(d) Obli-DM 'B'	DM	1,278.51
(d) Obligestion	SF	88.45
(d) Obli-Dollar 'A'	$	1,148.62
(d) Obli-Dollar 'B'	$	1,223.38
(d) Obli-Yen 'A'	Y	109,004.00
(w) Obli-Yen 'B'	Y	115,073.00
(d) Obli-Gulden 'A'	FL	1,044.15
(d) Obli-Gulden 'B'	FL	1,103.97
(w) Parsuisse	SF	1,453.75
(w) Partapan	Y	3,508.00
PERMAL GROUP		
(m) Drakkar Growth	$	1925.49
(m) Nascal Ltd	$	1226.31
(m) Select Equities Ltd	$	938.80
(m) Special Opportunities Ltd	$	1639.43
(m) Updyke Ltd	$	255.09
(m) Value N.V.	$	2033.52
PIERSON,HELDRING & PIERSON N.V.		
POB 243,1000 AE Amsterdam (20-211188)		
(w) Asia Pac. Growth Fd N.V.	$	38.08
(w) DP Amer. Growth Fd N.V.	$	24.17
(w) DP Energy Resources.	$	37.42
(w) Europe Growth Fund N.V.	FL	56.17
(w) Japan Diversified Fund	$	57.84
(w) Leveraged Cap Hold	$	312.79
(w) Tokyo Pac. Hold. N.V.	$	266.45
PUTNAM		
(d) Emerging Hlth Sc. Trust	$	13.30
(w) Putnam Em. Info. Sc. Tr	$	12.91
(d) Putnam Int'l Fund	$	10.52
ROBECO GROUP		
POB 973, Rotterdam (10-4650711)		
(d) Robeco	FL	105.60
(d) Rolinco	FL	104.90
(d) Rorento	FL	61.50
(d) Rodamco	FL	165.70
ROTHSCHILD AST.MGT.		
(w) Tokyo Pac. Hold. (Sea)	$	201.18
ROYAL B. CANADA,POB 246,GUERNSEY		
+(w) RBC British Fund Ltd.	£	5.83*
+(w) RBC Canadian Fund Ltd.	C$	14.35*
+(w) RBC European Fund	£	11.66
+(w) RBC Far East&Pacific Fd	$	38.71
+(w) RBC Int'l Capital Fd	$	51.89
+(w) RBC Int'l Bond Fund Ltd.	$	11.90
+(d) RBC Man.Currency Fd	$	38.34
+(w) RBC North Amer. Fd	$	14.71
ROYAL TRUST ASSETMIX FUND		
Lux.Tel: (352)489061		
EQUITY FUNDS		
(d) Alpha UK	£	1.16
(d) Alpha US$	$	1.21
(d) Alpha Worldwide	SF	5.73
(d) Alpha Japanese	Y	1060.00
(d) Alpha Pacific Rim	$	1.14
(d) Alpha European	ECU	1.02
(d) Gold Share	$	0.94
BOND FUNDS		
(d) Sterling Pound	£	100.79
(d) US$ Bond	US$	100.68
(d) Deutschmark Bond	DM	49.87
(d) Alpha Worldwide	SF	53.83
RESERVE FUNDS		
(d) Sterling Reserve	£	10.578
(d) US$ Reserve	$	10.347
(d) Deutschmark Reserve	DM	10.187
SHEARSON LEHMAN HUTTON		
(d) Oporto Growth Fund	$	10.00
(d) Offshore Multiple Opps.	$	10.56
OFFSHORE PORTFOLIOS (OP)		
(d) OP Global balanced	$	10.40
(d) OP Precious Metals	$	8.52
(d) OP Global Bond	$	9.80
(d) OP US Share	$	10.95
(d) OP Global Equity	$	11.32
(d) OP Pacific Equity	$	11.28
(d) OP Euro Equity	$	11.14
(d) OP US Govt Securities	$	10.24
(d) OP Global Money Market	$	9.63
(d) OP US Money Market	$	10.00
INTERNATIONAL PORTOFOLIOS (IP)		
(d) IP Global Balanced	$	10.96
(d) IP Precious Metals	$	8.67
(d) IP Global Bond	$	10.23
(d) IP US Share	$	11.42
(d) IP Global Equity	$	11.64
(d) IP Pacific Equity	$	11.52
(d) IP Euro Equity	$	11.36
(d) IP US Govt-securities	$	10.71
OFFSHORE SHORT-TERM INVEST. (OSI)		
(d) OSI Deutsche Mark	$	8.46
(d) OSI Japanese Yen	$	8.74
(d) OSI Pound Sterling	$	8.71
(d) OSI US Dollar	$	1.00
(d) OSI Managed Currency	$	10.23
(d) OSI Canadian Dollar	$	10.47
SKANDIFOND		
SKANDINAVISKA ENSKILDA BANKEN		
(w) Equity Intl Acc	$	10.79
(w) Equity Intl Inc	$	10.08
(d) Equity Global	$	0.99
(w) Equity Far East	$	1.23
(w) Equity Gold	$	0.84
(d) Equity Japan	Y	121.00
(d) Equity Nordic	$	1.10
(d) Equity U.K.	£	1.06
(d) Equity Continental Europe	$	0.99
(d) Equity Mediterranean	$	0.99
(d) Equity North America	$	1.08
(w) Bond Intl Acc	$	7.57
(w) Bond Intl Inc	$	6.32
(w) High Income Acc	$	1.00
(w) High Income Inc	$	0.93
(d) DEM	DM	0.98
(w) Multicurrency	$	1.0587
(d) FRF	FF	1.01
SOCIETE GENERALE GROUP		
(w) Sogelux Fund		
(w) Sogelux Bonds A	$	11.24
(w) Sogelux Bonds B	DM	21.46
(w) Sogelux Bonds C	FF	84.57
(w) Sogelux Bonds D	SF	20.80
(w) Sogelux Bonds E	£	7.99
(w) Sogelux Bonds F	Y	1632.00
(w) Sogelux Bonds G	ECU	11.33
(w) Sogelux Bonds H	$	11.17
(w) Sogelux Bonds J	BF	542.00
(w) Sogelux Equities K	$	11.05
(w) Sogelux Equities L	ECU	11.20
(w) Sogelux Equities M	YEN	1554.00
(w) Sogelux Equities P	$	11.17
(w) Sogelux Equities Q	$	9.48
(w) Sogelux Equities R	$	10.93
(w) Sogelux Short Term S	FF	109.14
(w) Sogelux Short Term T	ECU	10.70
SODITIC ASSET MANAGEMENT INC.		
(w) SAMDiversified Inc.	$	101.09
SVENSKA HANDELSBANKEN S.A.		
146 bd de la Petrusse,L-2230 Luxembourg		
(b) SHB Bond Fund	$	42.92
(w) Svenska Select.Fd Intl Sh.	$	51.18
(w) Svenska Select.Fd America Sh	$	10.99
(w) Svenska Select.Fd Asia Shares	$	9.61
SWISS BANK CORP. (ISSUE PRICES)		
(d) AmericaValor	SF	585.75*
(d) AngloValor	£	190.54*
(d) Asia Portfolio	SF	673.80
(d) Convert Bond Selection	SF	101.18
(d) Dollar Bond Selection	$	131.94*
(d) D-Mark Bond Selection	DM	115.67*
(d) Ecu Bond Selection	ECU	100.52*
(d) Florin Bond Selection	FL	117.96*
(d) FranceValor	FF	1671.05*
(d) GermaniaValor	DM	452.98*
(d) Gold Portfolio	SF	513.90
(d) ItalValor	Lit	467,501.00*
(d) Japan Portfolio	SF	421.50*
(d) SBC US$ MMF	$	5581.44
(d) SBC 100 Index Fund	SF	1059.00
(d) Sterling Bond Selection	£	105.32*
(d) Swiss Foreign Bond Selec	SF	104.32*
(d) Swissvalor	SF	368.75*
(d) Universal Bond Select.	SF	82.25*
(d) UniversalFund	SF	135.03*
(d) Yen Bond Selection	Y	11,773.00
THORNTON MANAGEMENT LTD.		
(d) Thornton Int opps.fund	$	2.01
(d) Pacific Invt. Fd. S.A.	$	10.23
(d) Pac.Invt. Warrants Fd.S.A.	£	5.23
(d) Thornton Kangaroo Fd Ltd.	$	10.59
(d) Thornton European Fund	$	5.86
(d) Thornton HK & China	$	13.90
(d) Thornton Japan Fund Ltd	$	25.48
(d) Thornton Orient.Inc. Fd Ltd	$	20.91
(w) Thornton Phil. Redev. Fd	$	40.23
(d) Thornton Tiger Fund Ltd	$	28.19
(d) Thor.Pacific Tech.Fd Ltd	$	12.52
(d) Thor.Lim. Dragons Fd Ltd	$	17.91
(d) Thor.Golden Opport.Fd	$	6.05
(d) Eastern Crusader Fund.	$	8.43
(w) The Global Access Fund	$	9.69
T. Rowe Price Associates Inc.		
(m) T. Rowe Price Frontier Ltd.	$	10.19
TYNDALL INT'L GUERNSEY LTD		
Tel.0481 27963		
(d) Amer Spec Sits	$	42.31
(d) Eurobond	$	27.39
(d) Mortgage	C$	12.91
(d) Overseas	$	27.17
(d) Tiger	$	41.53
(d) High Yield Bond	£	70.10*
(d) Marunouchi	£	68.70
(d) Far Eastern	£	583.40
(d) Gilt	£	494.10
(d) Mad Currency-Dollar	$	1.380
(d) Mad Currency-Stlg	£	104.100
(d) 1992	£	240.800
(d) Wall Street	£	228.800
(d) HI Inc Gilt & Bulldog	£	103.700
UEBERSEEBANK, ZURICH		
(d) B-FUND	SF	981.07
(d) M-FUND	SF	1079.42
(d) M-Distribution	SF	102.47
(d) UBZ Euro-Income Fund	SF	10.42
UNION BANK OF SWITZERLAND		
(d) Bond-Invest	SF	65.00*
(d) Brit-Invest Shares	SF	819.00
(d) D-Mark-Invest Bds	DM	209.60
(d) Dollar-Invest Bds	$	111.51
(d) ESPAC Spanish sh	SF	227.00*
(d) Eurit	SF	322.00
(d) Fonsa Swiss Sh.	SF	194.00
(d) Francit Shares	SF	313.50
(d) Germac Shares	SF	197.00
(d) Globinvest Shares	SF	116.00
(d) Gold Invest Shares	SF	242.50
(d) Holland-Invest Sh.	SF	223.50
(d) Itac Shares	SF	205.50
(d) Japan-Invest Sh.	SF	1795.50
(d) Sima (stock price)	SF	229.50*
(d) Skandinavien-Invest	SF	270.00
(d) UBS Money Mkt Inv.	$	5255.82
(d) Yen-Invest Bonds	SF	1147.00
UNION INVESTMENT Frankfurt		
(d) Unirenta	DM	40.50
(d) Unifonds	DM	29.40
(d) Unirak	DM	75.00
(d) Unizins	DM	112.00
THE UNIVERSAL GROUP OF FUNDS		
(m) Canada Gtd-Mortgage Fd.	C$	12.41
(d) Univers Sav Amer	C$	9.99
(d) Univers Sav Equity	C$	12.28
(d) Univers Sav Global	C$	5.48
(d) Univers Sav Pacific	C$	8.89
(d) Univers Sav Nat. Res	C$	6.14
vHOYTEMA & CHAUSSEE Brussels 5118933		
(m) vH&C Managed Fut. Index	$	187%
Other Funds		
(b) Abacus Guart.Fd.Mar.'94'.	$	10.00
(r) Acticroissance	$	484.95
(d) Actifinance Intl	$	840.82
(w) Actigestion	FF	1099.03
(w) Activest Intl	$	21.14
(d) Amvabel	FL	98.70
(w) Aquila International Fund	$	245.15
(b) Arlane	$	3,397.36
(m) Atlantic Fund	$	102.05
(d) Atlas Fund	SF	124.64
(r) Australia Fund	$	14.44
(d) Bahamas Superfund	$	916.00
(b) Blao Manod Bond Fund	$	175.78
(d) Berg Norden Sicav	$	141.41
(d) Berg Trust Sicav	$	113.22
(w) Bergen Int'l Fund.	$	11.89
(d) Bever Beleggingen++	$	25.50
(w) Bonor Currency & Int.	$	87.20
(w) Bondselex-Issue Pr.	SF	120.20
(m) J Capel guaranteed Fund	$	9.59
(w) Capital Man.Inv.Fund	$	1075.00
(d) Cash Gestion	FF	9357.80
(d) CB German Index Fund	DM	102.79
(m) Cleveland Offshore Fd.	$	35.89
(w) Columbia Securities.	FL	107.58
(d) Commod. Gtd. Fund/USA	$	10.65
(d) Conqueror Fund Ltd	$	90.94
(w) Convert. Fd. Int'l A Certs	$	18.11
(w) Convert. Fd. Int'l B Certs	$	59.01
(w) Cumber Intl N.V.	$	230.71
(w) Daiwa Japan Fund	Y	10082.00
(w) D.G.C.	$	170.31
(w) DIVERSIF. BOND FUND	$	97.88
(d) D-mark-Baer Bond Fd.	DM	1030.00*
(d) Dollar-Baer Bond Fd	$	1100.00*
(d) D. Witter Wld Wide Ivt Tst.	$	22.92
(d) Dreyfus America Fund	$	16.17
(d) Dreyfus Fund Int'l.	$	59.23
(w) Dreyfus Intercontinent	$	59.46
(w) Esprit Sicav	ECU	1108.14*
(w) Espirito Sto Inv M Sth Eur Fd.	$	10.29
(d) Europe Obligations	ECU	72.86
(w) Fairfield Int'l Ltd.	$	128.85
(w) Fairfield Strat. Ltd.	$	53.30
(w) First Eagle Fund	$	33,976.52
(w) F.I.T. Fund II	FF	107.17
(d) Fonditalia	$	68.31
(w) Fonselex Issue Pr.	SF	203.95
(d) Forexfund Limited	$	8.77
(w) Formula Selection Fd.	SF	77.74
(d) Frankl-Trust Effekten Fd	DM	143.77
(d) Frankl-Trust Interzins	DM	41.57
(w) Future Div.Fund	$	25,306.00
(w) George V INV. BOND F.	$	17.35
(m) German Sel. Associates	DM	2000.80
(d) Green Line France	FF	645.98
(w) Hausmann Hldgs. N.V.	$	258.22
(w) Health 2000 Ltd	$	10.17
(w) Hestia Funds	$	147.58
(w) Horizon Fund	$	1778.49
(w) Ibex Holdings Ltd.	SF	180.05
(w) IFDC Japan Fund	YEN	47,606.00
(r) ILA-IGB	$	6.51
(r) ILA-IGS	$	9.97
(m) IncAmerica N.V.	$	14.16
(m) IncAsia N.V.	$	11.09
(w) Interecu Fund	ECU	1183.09
(w) Interface Fund Ltd.	$	143.41
(d) Interfund SA	$	34.97
(w) Intermarket Fund	$	384.74
(r) Int'l Securities Fund	$	25.11
(w) Intersec SA	$	3411.04
(d) Investa DWS	DM	61.86
(r) Invest Atlantiques	$	14.80
(w) Inpremet	$	10.02
(r) Italfortune Int'l Fund SA	$	38.88
(m) Japan Selection Asses.	Y	9,641.00
(w) Japan Selection Fund	$	201.91
(w) Japan Pacific Fund	$	312.94
(d) Kleinwort Bens. Jap. Fd.	$	245.94
(d) KML-II High Yield 05/11/89	$	974.49
(w) Korea Growth Trust	$	42.34*
(w) LACO International	$	7.06
(d) Liquibaer	$	1716.00
(m) London Portfolio G'td. I.	$	92.34
(w) Luxfund	$	99.64
(m) Lynx Sel.Holdings	SF	128.98
(w) ML Morgens Lv HI Yld.Inv.NV	$	10.17
(w) Mediolanum Sel. Fd.	$	34.91
(d) NCA FUND	$	11.09
(w) Nippon Fund	$	109.00
(m) NMT Asian Sel. Portfolio	$	177.09
(m) NMT Nastec Portfolio s/s.	$	101.44
(d) NM Inc. & Growth Fund	$	15.40
(d) Nomura-Cap Int Eq Fd	$	13.18
(d) Nordmix	Lit	10815.00
(m) NSP F.I.T.	$	254.56
(m) Oppenheimer U.S.Arb.	$	129.13
(m) Overlook Perfor.	$	1073.42
(d) Pacific Nies Fund	$	10.39
(d) PAM Futures Trad.	$	978.11
(w) Pancurri Inc.	$	114.82
(w) Prosp. I.H.Inc.P.F.05/05/88	$	9.43
(w) Protected Perfor. Fund	$	0.72
(w) Quantum Fund N.V.	$	12853.53
(w) Rep.(Guernsey) Del.Inc.td	$	9.38*
(w) Samurai Portfolio	SF	344.60
(d) Sanvo Kle.Spain Fd	$	10.70
(d) Sarakreek Holding n.v.*++	$	30.00
(d) SCI/Tech. SA Luxembourg	$	18.39
(w) Spectrafund Ltd.	$	16.62x
(w) SP International S.A.	$	4514.12
(d) Strat Int'l Gold Fund S.A.	$	6.65
(w) Sussex Silverman	$	979.00
(w) Techno Growth Fund	SF	68.32
(d) Templeton Glob Inc.	$	10.21*
(w) The Petrus Fund Ltd.	$	1.053
(m) TIIC(O.T.C) Jap.fd Sicav	$	9.25
(w) Transco Gold Mine Inv.	$	3.52
(w) Transpacific Fund	Y	34273.00
(w) Trans Europe Fund	FL	72.87
(w) Tudor B.VI Futures.LTD	$	3967.14
(d) Turquoise Fund	$	200.65
(w) Tweedy,Browne n.v.CLA	$	3538.70
(w) Tweedy,Browne n.v.Cl.B	$	1902.74
(m) Tweedy,Browne (U.K.) n.v.	$	1387.72
(d) Unico Inv.Fund	DM	75.03
(d) Unico Equity.Fund	DM	60.92
(d) Uni Bond Fund	$	1475.43
(r) Uni Capital Fund	$	1429.96
(d) Univers Bonds	DM	128.96
(w) Vanderbilt Assets	$	17.23
(w) Vesper Flux	BF	8440.00
(d) Victoria Fund	$	15975.00p
(w) Willerbond Capital	$	13.71
(d) World Fund S.A.	$	22.13
(d) World Balanced Fund S.A.	$	11.22
(m) Zweig Int'l Ltd	$	85,474.00

A$ - Australian Dollars; BF - Belgium Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lit - Italian Lira; LF - Luxembourg Francs; p-pence; Ptas - Pesetas; SF - Swiss Francs; Y-Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; -@ Offer Price incl. 3% prelim. charge; • - Paris exchange; ++ - Amsterdam exchange; ¢ - misquoted earlier; x-not registered with regulatory authority

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COUNTRY HOUSE, 45 min. Paris, 10 min. Monet Garden. 3 bedrooms, 2 baths, large 60 sq.m. living room, fireplace, beams, well furnished. Large garden, 12 ha. woodlands, very quiet. Housekeeper and gardener included. $2000 monthly + charges. Phone mornings 30.93.06.28.

AVE MONTAIGNE
Luxury apartment. Living room, bedroom, etc. FF 26,000/mo. Long lease preferred. Tel: 212-980-1679 mornings - New York time.

CHAMP DE MARS. Owner rents beautiful 2 rooms, 55 sq.m., 6th floor, lift, fully equipped. Contemporary furniture. F6,800 + charges. 42 96 63 33 office hours

MONTMARTRE. 55 sq.m.: large living + 1 bedroom, fully equipped kitchen, bath. 5th floor (no lift), balcony, sun. F4650/month. Minimum 1 year. No agents. 45.22.69.72.

REAL ESTATE TO RENT/SHARE

PARIS AREA FURNISHED

JULY/AUG. 7th by Musee d'Orsay & Louvre. Superb triplex, lovely details, quiet, 2 bedrooms (sleeps 6), large modern kitchen. Maid and chauffeur possible. F19,500/mo. 42612894

NEUILLY BOIS. 5 min. to metro, calm, 2 rooms, 40 sq.m., charm, bright. F5,300/month. Tel: 47 45 09 49 or 47.05.75.50 call Dana, after 3pm.

PARIS BIENVENUE. Furnished studios and apartments in central Paris, nightly, weekly, monthly. 47 53 80 81.

6TH: MID JULY thru August. Excellent location, 85 sq.m., sunny 3 rooms with view + dine-in kitchen. Tel: 46338762

13th, BUTTE AUX CAILLES, family flat, 4 bedrooms + 1 living. July &/or Aug. F9000/mo. 45653899 / 45880559

16th, SUBLET June 3-Aug. 15. Beautiful 1-bedroom apartment. F9,000/month. Tel: 45 53 51 60.

16th TROCADERO. Luxurious large living, bedroom, modern building, terrace, sunny. Tel: 45 53 42 75.

MONCEAU: from May 29th - June 3rd. 60 sq.m. studio, superb view, terrace. Tel: 46 22 40 16.

ILE ST LOUIS. 2/3-room, comforts. F7500 charges included. Tel: 43.25.25.27.

LECOURBE: on garden, charming 2 rooms, furnished, kitchen, bath. F3500 net. Tel: 45 67 52 49 or 45 04 73 93

NEUILLY, HIGH CLASS APARTMENT 2/3 rooms and studio, large bath, on garden. Tel: 46 24 76 75.

ILE ST. LOUIS, LUXURIOUS STUDIO, completely equipped with maid. Telephone: 46 34 19 25.

15th, VIEW SEINE. Double living + bedroom, all comforts, sun. Tel: 45.22.93.91.

PARIS AREA UNFURNISHED

PENTHOUSE WITH GARDEN
SEVRES / VILLE D'AVRAY
July 1st
Top floor, superb view, full south. 5 rooms (112 sq.m.) 2 baths, equipped kitchen, fully ornamented terrace with trees, winter garden, garage for 2 cars. Small deluxe building with park for children. F15,000/month.
WILLY JC JOSEF 45.20.48.09 (owner)

RUE CREVAUX (NEAR AVE FOCH)
Magnificent 7 rooms, 218 sq.m. Reception, triple living, 4 bedrooms, 2 bathrooms, dressing, etc. F21,000. with charges. Justified high key money. Tel. 47.04.94.88.

16th METRO BOISSIERE, modern, large living, large loggia, 2 bedrooms, 2 baths, kitchen, parking. F11,000 + charges. 42 24 00 30.

REAL ESTATE TO RENT/SHARE

PARIS AREA UNFURNISHED

CENTURY 21
Beaubourg: at home in heart of Paris. Character. Duplex, top floor, 260 sq.m. sunny terrace, 2 yr. terms. F26,000/month
16th high class studio, F5,600/month.
Tel: 47.27.24.18.

NEAR ST GERMAIN EN LAYE, ISLAND OF MIGNEAUX at Poissy. Superb house on 1200 sq.m. garden with private boat dock. Living: 44 sq.m. Nine bedrooms, 3 baths. FF18,500/month. SICO 47.49.37.81.

PARIS 16TH: for rent, in townhouse, 12 ave Generale Mangin. 107 sq.m. apartment + 2 car-garage. F15,000 per month + charges. Telephone: 47 43 06 32 or (16) 35 93 22 14.

15th & 16th, modern apartments, double living, bedroom, kitchen, bath, parking. F6,800. 45 25 16 36

SPAIN

SITGES (Barcelona)
New beachfront chalets, 1-5 bedrooms
From $250 per week U.S.
Call: 977-606666 (Spain) or 602-949-1919 (U.S.A.)

COSTA BLANCA. Large new villa, big pool, sea views, elegant area. Easy reaching 10 km from best beaches. From May 15 - Sept 30. Tel: 965-720676

USA

BOSTON AREA
Furnished House For Rent
1 or 2 years: August 1989 to September 1990 or 1991.
4 to 5 bedroom house with garage, 8 rooms plus 2 ½ baths; quiet neighborhood on old village green; 35 min. drive to Boston; 1 block from bus or 1 mile from train. Modern appliances, hardwood floors, fireplace, covered deck, large yard. $1500 per month + utilities (about $165. per month).

Write to: Julia Griffin, 8 Vernon St., Framingham, MA. 01701 USA or call: 508-879-2034. Write/call or leave message in English, French or Italian.

HOUSTON, TEXAS
River Oaks - unfurnished home, 3 bedroom, 2½ baths, sun room, study, living room, dining room, 2 car garage, lawn. $2900/month. Call: 713-621-2929 USA

SAN FRANCISCO - Telegraph Hill 2 bedroom house. Wonderful view, deck, garage. Available June 20-July 10. $2500. Tel. 415-382-3809 USA

REAL ESTATE TO RENT/SHARE

USA RESIDENTIAL

USA

SANDWICH CAPE COD, MA
Magnificent hillside retreat available for long term rental. Compound on 41/2 acres on private road. Commanding panoramic views of Cape Cod bay and coastline. 4,000+ sq. ft. on 5 exquisitely detailed levels. The openness and excitement of California architecture combined with the warmth and richness of a New England barn. Antique hand-crafted oak floors. Extraordinary ceiling timbers. Soaring Vermont stone back to back fireplaces. English Shaker cherry country kitchen. Top of the line appliances. 3 car beamed garage with studio. 3 bedrooms, 3 baths. Hour plus from Boston. 15 min from Hyannis airport. Private beach front cottage available with compound. Tel: 508-888-4885. Box 180, East Sandwich, MA 02537 USA

MANHATTAN
60th Street, near Lincoln Center. Flexible 3 bedroom, 2 baths, balcony with a spectacular view of city, luxury doorman building which includes: garage, health club, 45 ft. pool & sun-deck. $3200/mo. Call: 212-315-5560 USA

CALIFORNIA - BEVERLY HILLS contemporary house, furnished, swimming pool & jacuzzi, view, 3 bedrooms, 2½ bath, security system, air-conditioning. June 15 - Sept. 15, or exchange for Europe. Call: 213-859-8810 USA

REAL ESTATE WANTED/EXCHANGE

EXCHANGE HOMES early September. Beautiful oceanfront home on exclusive Long Beach Island, New Jersey, 1½ hours from New York City, for 2 or 3 weeks for similar villa or condo (must be 1st class in every way) on Lido (Venice) or Venice proper. Must exchange photos & references. Also available July 8-15. Contact: Mrs. R. Desfor, 4717 Holly Circle, Harrisburg, PA 17110 USA.

PARIS 2 or 3 bedroom apartment from October 1989 to June 1990 in 16th, Iles (IVth), or Orsay. Ideally high bohemian style with huge windows overlooking beautiful scenery. Write: Laura Obolensky, Ste. 600, 1220 19th Street NW, Washington, DC 20036 USA

Academic Couple Seeks Paris apartment, 3+ rooms, Oct., Nov., Dec.; can exchange for large 3 bedroom Manhattan apartment. Call NY: 212-475-5464, Paris: 42.54.74.87

My New York - East Village 1 bedroom (furnished) for same in Rome. 1/2 - 1 yr. Sussman, 340 E. 6 St, NY, NY 10003. Tel: 212-254-9749 USA

LAUSANNE: Seeking 3-4 bedroom furnished house/apartment. Call Konn Brandenberger 021-29-21-11

NYC PARK AVE LUXURY family apartment. Exchange home/apartment on Riviera - August. 212-722-5516 USA

Thursday's NASDAQ Prices

Prices as of 4 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press

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CURRENCY MARKETS

DOLLAR: *Banks Resist New Rise*

(Continued from first finance page)

economic reason for a dollar this strong," said Peter Pietsch, an economist at Commerzbank.

Karl Otto Pöhl, the Bundesbank president, said Thursday in a television interview that the West German economic situation could be expected to help the mark recover.

In the short term, however, analysts and dealers believed that the dollar could continue to defy economic fundamentals as well as bouts of central-bank intervention to sail over 2 DM in coming weeks.

Mr. Slater of Salomon Brothers foresaw the currency rising to 2.02 DM before running out of steam, and few analysts were willing to rule out the possibility of a two-mark dollar.

Mr. Pöhl attributed the recent strength of the dollar to high U.S. interest rates and market observers agreed that the double benefit of high rates and a rising currency was a great draw for European and Japanese investors.

"The foreign investment in dollar securities will go on as long as U.S. interest rates are higher than elsewhere," said Gabriele Lamers, an economist with Deutsche Bank.

As a result, the possibility that U.S. rates are peaking would be a major blow to the dollar's newfound strength.

"Sooner or later the attraction of interest rates has to be affected by the economic fundamentals," said Ulrich Hombrecher, senior economist with Westdeutsche Landesbank Girozentrale in Düsseldorf.

Analysts generally agreed that the Bundesbank Council had probably been reluctant to use the weapon of interest rates so soon after seeing it fail to have any lasting effect last month.

Although the deliberations of the 18-member council are not publicized, it appeared likely that the bank had decided to wait and see whether the dollar might run out of steam by itself if U.S. rates peak and the economy shows further signs of weakening.

Some analysts believed the central bank had decided to focus on the West German domestic scene, where it normally aligns policy closely to growth in the money supply. When it raised rates in April, the Bundesbank had justified its move officially by saying that monetary growth was running above target.

Since then, there have been no new statistics about monetary growth that would have warranted action to tighten credit. Furthermore, analysts said there was speculation that figures to be released early next week documenting money supply growth for April may show a slowdown, making Bundesbank action unnecessary in the near term.

As usual, the markets are expected to begin buzzing with speculation again in two weeks when the Bundesbank Council meets to consider rate changes.

Mr. Hombrecher noted that inflation indicators for May, expected to be released soon, could slow to a month-to-month increase of only 0.2 percent or 0.3 percent following the April rise of 0.6 percent, as a result of falling energy costs

In New York, traders attributed the late decline in the dollar to heavy profit-taking and to the repeated bouts of central-bank intervention.

The U.S. unit closed at 138.700 yen, down from 139.275 on Wednesday. It closed at 1.7591 Swiss francs, down from 1.725 francs, and at 6.6615 French francs, down from 6.6760 francs.

The British pound firmed to $1.6180 from $1.6122 on Wednesday.

Earlier in London, the dollar closed at 138.60 yen, down slightly from 139.25 on Wednesday.

It ended at 1.7553 Swiss francs, down from 1.7630 francs on Wednesday, and at 6.6505 French francs, down from 6.6725 francs.

The British pound rose to $1.6185 from $1.6115.

London Dollar Rates

Closing	Thu.	Wed.
Deutsche mark	1.9660	1.9695
Pound sterling	1.6185	1.6115
Japanese yen	138.60	139.25
Swiss franc	1.7553	1.7630
French franc	6.6505	6.6725

Source: Reuters

Swiss Hold Rates Steady

Reuters

ZURICH — The Swiss National Bank believes its monetary policy is sufficiently restrictive and does not plan to tighten key interest rates further now, members of its three-man governing board said Thursday at a news conference.

The head of the central bank, Markus Lusser, said rising short-term rates and falling sight deposits — the key measure of Swiss money market liquidity — had given some the impression the bank was tightening its policy. "This is not the case," he said.

Mr. Lusser said Swiss policy was "probably more restrictive than the monetary policy of most European countries." He added that further tightening could strangle economic growth.

One board member, Jean Zwahlen, said: "We have the impression that the degree of restrictiveness of our monetary policy is appropriate at the moment." But he also said the weakness of the Swiss franc was surprising, and added, "We reserve the right to modify our course if a particularly unfavorable exchange-rate development should jeopardize the aims of our policy" of price stability.

The discount and Lombard rates stand at 4.5 and 7 percent, respectively. They were last raised April 14 to defend the franc.

Swiss analysts say the Swiss National Bank will almost certainly raise its key rates again soon to defend the currency and match the steady rise in money market rates.

Despite the central bank's refusal to move for now, the major Swiss banks will on Friday lift their customer time deposit rates by a quarter point, to 6.75 percent, Crédit Suisse said as their spokesman. The banks last raised the rates, also by a quarter point, on May 9.

Australia Bank Profits Up

Compiled by Our Staff From Dispatches

SYDNEY — Westpac Banking Corp. and National Australia Bank Ltd. on Thursday reported half-year profit gains of more than 50 percent and rejected charges they have profiteered from rising interest rates.

National Australia said profit for the six months ended March 31 rose 52 percent, to 408.5 million Australian dollars ($315.3 million), over the year-earlier period. Westpac said its profit for the period rose 63 percent, to 377 million dollars.

Some government officials have accused the two banks, along with ANZ Banking Group, of making unreasonable profits following increases in home-mortgage rates in recent months.

Stuart Fowler, Westpac managing director, said the government's tight money strategy would keep interest rates high for the rest of the year, but rejected charges that the banks are to blame.

"We are the instruments through which monetary policy is in fact implemented through the community, but of course it suits politicians to endeavor to transfer that responsibility or blame to somebody else," Mr. Fowler said.

Paul Keating, the Australian treasurer and Robert Johnston, the Reserve Bank of Australia governor, said this week that monetary policy would remain tight and interest rates may rise further.

Nobby Clark, National Australia Bank managing director, said interest rates on home loans would rise again soon, probably to 16.5 percent from their current level of 16 percent. Mr. Clark argued that increased business failures caused by the government's tight money policy would make profit growth more difficult. *(AFP, Reuters)*

PRICES: *Fuel Costs Boost Index*

(Continued from first finance page)

calculate what kind of wage increase they need to stay even with inflation. "The 0.7 percent increase for April more or less guarantees that the CPI will come in for the year as a whole somewhat in excess of 5 percent, or about a percentage point increase over last year," he said. Thus wages, which account for roughly two-thirds of business costs, will probably rise at about the same pace, Mr. Popkin said.

Although the increase in the price index minus food and energy is often viewed as an indicator of the underlying inflation rate, last month's 0.2 percent climb probably understated the rise, analysts said.

The April data were driven downward by the impact — also probably temporary — of special incentives offered by automobile makers to lure buyers into showrooms.

The April figures were also influenced by a major fall in lodging costs that analysts viewed as questionable, because it reversed a substantial rise in March.

With the food, energy, auto and lodging components factored out, prices rose about 0.4 percent last month, Mr. Ratajczak said, in other words, about a 5 percent annual rate."

■ Average Wages Up 1.2%

The Labor Department said the average weekly earnings of U.S. workers, adjusted for inflation and seasonal factors, rose 1.2 percent in April after a revised 0.3 percent drop in March, Reuters reported from Washington.

The department previously said that real earnings fell 0.1 percent in March.

Compared with their level in April 1988, earnings were down 0.9 percent.

The April increase stemmed from a 0.7 percent increase in average hourly earnings and a 1.2 percent increase in average weekly hours.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, May 18

Amsterdam

[illegible]

Hong Kong

[illegible]

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	1020	1020
Bco. Central	980	980
Bco. Santander	842	844
Banesto	985	985
CEPSA	505	510
Dragados	614	596
Expl. Rio Tinto	323	324
Hidroelec. Esp.	97	96.75
Iberduero	120.50	119
Telefonica	188.50	184.25

General index: 305.44
Previous: 303.99

Sydney

	Close	Prev.
ANZ	5.36	5.34
BHP	8.32	8.18
Boral	3.55	3.55
Bougainville	2.48	2.45
Coles Myer	8.94	9
Comalco	3.93	3.90
CRA	9.20	9.20
CSR	4.63	4.65
Dunlop	4.34	4.32
Elders IXL	2.73	2.75
ICI Australia	6.40	6.40

Zurich

	Close	Prev.
Adia	8000	7770
Alusuisse	1035	1037
Bank Leu	2700	2700
Brown Boveri	3350	3355
Ciba Geigy	3580	3530
Credit Suisse	2470	2490
Electrowatt	2800	2870
Georg Fischer	1475	1460
Hoffman R. Baby	15900	15900
Interdiscount	3370	3325
Jacob Suchard	6875	6840
Jelmoli	2410	2450
Landis Gyr	1225	1210
Moevenpick	5100	5175
Nestle	7330	7320
Oerlikon-B	1120	1135
Pargesa Holding	1745	1740
Sandoz	2000	1980
Schindler	5150	5100
Sulzer	415	414
Surveillance	5250	5200
Swissair	970	980
SBC	271	270
Swiss Reinsur	1615	1615
Swiss Volksbank	1700	1690
Union Bank	3090	3070
Winterthur	4420	4370
Zurich Ins	1910	1915

S.B.C. Index: 597.30
Previous: 611.80

Sao Paulo

May 17

	Close	Prev.
Banco do Brasil	1.39	1.40
Bradesco	0.16	0.16
Brahma	0.38	0.37
Paranapanema	1.09	1.10
Petrobras	7.18	7.09
Varig	0.39	0.39

Bovespa index: 12445
Previous: 12224

Toronto *May 18*

Canadian stocks via AP

[illegible]

Montreal *May 18*

[illegible]

[illegible]

IF YOU GET A KICK OUT OF SOCCER, READ ROB HUGHES WEDNESDAYS IN THE IHT

طبق الأصل

Frankfurt

The Shape of Things to Come in City on the Move

FRANKFURT CAME CLOSE to becoming the capital of the Federal Republic after World War II, but narrowly lost out to Bonn, a sleepy village on the banks of the Rhine.

The founding fathers of the Federal Republic decided to choose a small town as the "transitional" capital, hoping that Germany would one day be reunited with Berlin as the capital.

As a result of these political considerations, West Germany became one of the few European countries with its political and financial centers in different cities.

While Bonn has continued going about its daily business at a slow, small-town pace, Frankfurt has become one of Europe's leading financial centers and the home of Germany's biggest stock exchange as well as the most powerful central bank in Western Europe.

EC poll confirms major commercial center's status

But Frankfurt is far from content with what it has achieved. Politicians, real estate developers and bankers have even bigger plans for the 1990s: they want Frankfurt to become Europe's leading financial center after London.

As a result of these ambitious plans, Frankfurt has developed many of the typical symptoms of a city on the move: skyscrapers shooting out of the ground like mushrooms, new construction sites popping up on virtually every street corner and apartment rents skyrocketing.

A new generation of well dressed, well-to-do young professionals with Italian suits and flashy silk ties has taken over the city that was one of the centers of the student revolts of the 1960s. Nowadays the young professionals populate trendy bars and restaurants and expensive boutiques in the Goethestrasse.

The current building boom is also changing the city's face. The Westend, a traditional residential area bordering on the banking district, is slowly becoming a commercial district as new office blocks are erected and apartment buildings converted.

High residential rents in the Westend and other conveniently located parts of town are driving an increasing number of young families into the suburbs where rents are still affordable. Like any other modern metropolis, the city traffic has become a nuisance and parking places are hard to find.

But, despite these problems, a study conducted by British researchers at the University of Reading recently ranked Frankfurt as the most attractive European city to live and work in.

"We ranked the cities according to economic factors such as per capita income, employment opportunities, geographical position, demand for businesses and so on," says Dennis Hay, one of the co-authors of the study. Eight of the top 20 cities were German, with Düsseldorf coming in just behind Venice, the number two, he added.

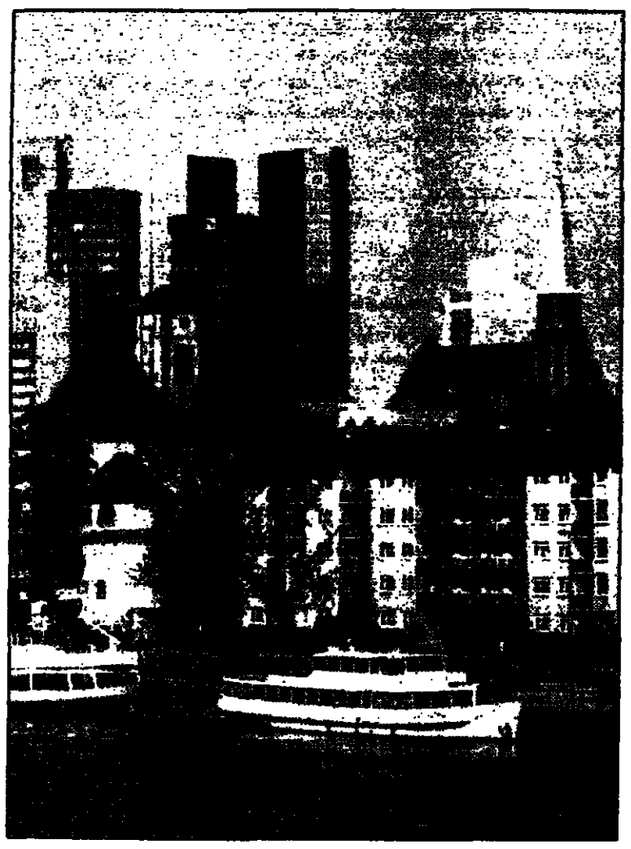
"But many people misinterpreted the study; the ranking had nothing to do with the beauty of the cities or anything like that," Mr. Hay says. "We were looking at the local economies and their growth potential."

As far as infrastructure and economy are concerned, Frankfurt certainly has a lot to offer.

Nearly 400 domestic and international banks have offices in Frank-

See City Page 21

A STRANGER MIGHT EASILY mistake the city for West Germany's capital. Located in the heart of the country, Frankfurt has all the flair and features: glittering skyscrapers, the busiest and biggest airport in Germany, a huge train station, wide avenues, fashionable boutiques, trendy people, a gigantic trade show and a bustling business and financial community.



Pleasure boats cruise beneath the city's soaring skyline.

High-Speed Trains Could Ease Squeeze on Airport

THREE THINGS IN life are certain: death, taxes and transit in Frankfurt. As writer P.J. O'Rourke noted, "If Christ came back tomorrow, he'd have to change planes in Frankfurt."

Few people would disagree that Frankfurt is one of Europe's most important transport hubs. The city's airport is continental Europe's busiest, the railway station sees more passengers than any other in Europe, and two of Europe's most vital highways intersect here.

"We are not only the most important hub in Germany. We are the most important in Europe," said Wolfgang Schwalm, spokesman for the Frankfurt Airport.

The city is not spinning its wheels, however, and is investing in its infrastructure in an effort to remain Europe's crossroads. Projects are under way, or planned, to improve the airport, rail facilities, highways and waterways.

New plans for road, rail, air and water links are under way

"It is necessary to hold our position as a transport hub if Frankfurt is to grow as a business metropolis," said Herbert Ferger, Transport Department director of the Frankfurt Chamber of Industry and Trade. "If we don't, it will negatively affect business."

The movement of people and goods is vital to the region's economic health. The airport, for example, supports 48,000 jobs and is the state's single largest source of employment.

The city's transport infrastructure has also boosted the growth of other local industries. "Frankfurt would not be such a banking metropolis without the airport," Dr. Ferger said.

Frankfurt's geography and history led to the development of its crossroads role. It is in the heart of central Europe and the center of Germany, Western Europe's most populous nation and largest economy. Located on the banks of one important river and near another, the city has seen millennia of trade.

Today, Frankfurt's transport credentials are impressive. Some 11 autobahns and 12 federal highways intersect here. The Main, which flows through the city, gives passage to the Rhine, the most-traveled river in Europe.

The fleet headquarters of Lufthansa, one of the world's leading airlines, is here, as is the Deutsche Bundesbahn, the German national railway operator.

The city is home to the German Trucking Association and the German Automobile Manufacturers Association, as well as the Frankfurt Auto Show, considered by many to be the world's most important. Germany's booming tourism industry also is based here.

The airport is Frankfurt transport's brightest star. It recorded 25.2 million passengers in 1988, a 9.1 percent increase over the previous year, while freight increased 10.3 percent to more than 1 million metric tons.

The airport will invest 5.3 billion Deutsche marks ($2.8 billion) by the century's end to expand and improve facilities. Plans include a new East Terminal, capable of handling 10 million passengers a year.

The investments are not likely to solve congestion in air traffic control systems, which caused 30 per-

See Transport Page 20

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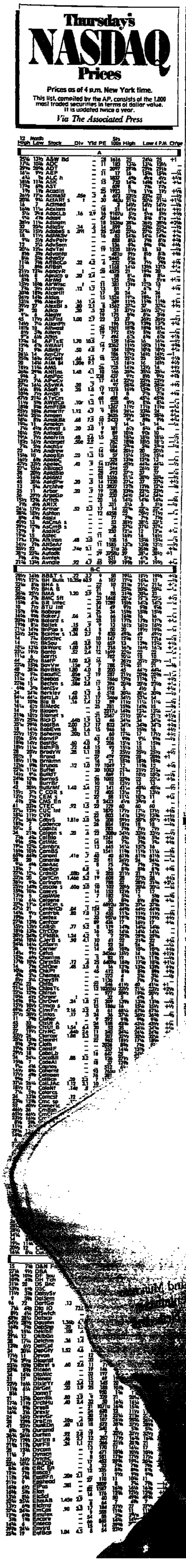

CURRENCY MARKETS

DOLLAR: *Banks Resist New Rise*

(Continued from first finance page)

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Pound sterling	1.6185	1.6115
Japanese yen	138.60	139.25
Swiss franc	1.7553	1.7630
French franc	6.6505	6.6725

Source: Reuters

Swiss Hold Rates Steady

Reuters

ZURICH — The Swiss National Bank believes its monetary policy is sufficiently restrictive and does not plan to tighten key interest rates further now, members of its three-man governing board said Thursday at a news conference.

The head of the central bank, Markus Lusser, said rising short-term rates and falling sight deposits — the key measure of Swiss money market liquidity — had given some the impression the bank was tightening its policy. "This is not the case," he said.

Mr. Lusser said Swiss policy was "probably more restrictive than the monetary policy of most European countries." He added that further tightening could strangle economic growth.

One board member, Jean Zwahlen, said: "We have the impression that the degree of restrictiveness of our monetary policy is appropriate at the moment." But he also said the weakness of the Swiss franc was surprising, and added, "We reserve the right to modify of course if a particularly unfavorable exchange-rate development should jeopardize the aims of our policy" of price stability.

The discount and Lombard rates stand at 4.5 and 7 percent respectively. They were last raised April 14 to defend the franc.

Swiss analysts say the Swiss National Bank will almost certainly raise its key rates again soon to defend the currency and match the steady rise in money market rates.

Despite the central bank's refusal to move for now, the major Swiss banks will on Friday lift their customer time deposit rates by a quarter point, to 6.75 percent, Crédit Suisse said as their spokesman. The banks last raised the rates, also by a quarter point, on May 9.

Australia Bank Profits Up

Compiled by Our Staff From Dispatches

SYDNEY — Westpac Banking Corp. and National Australia Bank Ltd. on Thursday reported half-year profit gains of more than 50 percent and rejected charges they have profiteered from rising interest rates.

National Australia said profit for the six months ended March 31 rose 52 percent, to 408.5 million Australian dollars ($315.3 million), over the year-earlier period. Westpac said its profit for the period rose 63 percent, to 377 million dollars.

Some government officials have accused the two banks, along with ANZ Banking Group, of making unreasonable profits following increases in home-mortgage rates in recent months.

Stuart Fowler, Westpac managing director, said the government's tight money strategy would keep interest rates high for the rest of the year, but rejected charges that the banks are to blame.

"We are the instruments through which monetary policy is in fact implemented through the community, but of course it suits politicians to endeavor to transfer that responsibility or blame to somebody else," Mr. Fowler said.

Paul Keating, the Australian treasurer, and Robert Johnston, the Reserve Bank of Australia governor, said this week that monetary policy would remain tight and interest rates may rise further.

Nobby Clark, National Australia Bank managing director, said interest rates on home loans would rise again soon, probably to 16.5 percent from their current level of 16 percent. Mr. Clark argued that increased business failures caused by the government's tight money policy would make profit growth more difficult. *(AFP, Reuters)*

PRICES: *Fuel Costs Boost Index*

(Continued from first finance page)

calculate what kind of wage increase they need to stay even with inflation. "The 0.7 percent increase for April more or less guarantees that the CPI will come in for the year as a whole somewhat in excess of 5 percent, or about a percentage point increase over last year," he said. Thus wages, which account for roughly two-thirds of business costs, will probably rise at about the same pace, Mr. Popkin said.

Although the increase in the price index minus food and energy is often viewed as an indicator of the underlying inflation rate, last month's 0.2 percent climb probably understated the rise, analysts said.

The April data were driven downward by the impact — also probably temporary — of special incentives offered by automobile makers to lure buyers into showrooms.

The April index rose 0.4 percent, seasonally adjusted, after a 0.3 percent drop in March, the Labor Department said. Economists had expected a 0.5 percent rise in April.

Mr. Hombrecher noted that inflation indicators for May, expected to be released soon, could slow to a month-to-month increase of only 0.2 percent or 0.3 percent following the April rise of 0.6 percent, as a result of falling energy costs.

In New York, traders attributed the late decline in the dollar to heavy profit-taking and to the repeated bouts of central-bank intervention.

The U.S. unit closed at 138.700 yen, down from 139.275 on Wednesday. It closed at 1.7591 Swiss francs, down from 1.7725 francs, and at 6.6615 French francs, down from 6.6760 francs.

The British pound firmed to $1.6180 from $1.6122 on Wednesday.

Earlier in London, the dollar closed at 138.60 yen, down slightly from 139.25 on Wednesday.

It ended at 1.7553 Swiss francs, down from 1.7630 francs on Wednesday, and at 6.6505 French francs, down from 6.6725 francs.

The British pound rose to $1.6185 from $1.6115.

■ **Average Wages Up 1.2%**

The Labor Department said the average weekly earnings of U.S. workers, adjusted for inflation and seasonal factors, rose 1.2 percent in April after a revised 0.3 percent drop in March, Reuters reported from Washington.

The department previously said that real earnings fell 0.1 percent in March.

Compared [illegible] April 198[illegible]

World Stock[illegible]
Via Agence France Pr[illegible]

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urt's building boom.

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Terry Swartzberg

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Eric Tell

Stock Exchange Moves to Broaden Future Trading

The trading floor of the historic Frankfurt stock exchange turned over a new leaf last summer when the new DAX (Deutscher Aktienindex) real-time share index was unveiled. But the introduction of this new index of 30 leading shares was only the first step in the Frankfurt stock exchange's bid to outstrip other leading markets.

Next year Frankfurt will take an even bigger step into the future when the Deutsche Terminbörse (DTB), West Germany's planned new financial futures and options exchange, is scheduled to open. Meanwhile, even as the preparations for the new futures exchanges get under way, the London International Financial Futures Exchange (Liffe) has already found a ready market for German federal government bond (or Bund) futures trading.

Contrary to some expectations, the Bund futures contracts — which were introduced on the Liffe last September — have proved to be very popular in London where, in January and February, turnover jumped to nearly 1,000 contracts a day. Indeed, following their successful launch, the French financial futures market (MATIF), is now studying the introduction of Deutsche mark bond futures contracts.

Meanwhile, progress in Germany is slow but steady. The DTB team, which is being assembled in Frankfurt, has agreed on a product range that will initially be based on equity options, with contracts on 14 German blue chip companies. A subsequent futures contract on the DAX will also be introduced, and a bond counterpart to the DAX — a Rentenindex or REX — is likely to follow, although the precise timing for these events is, as yet, unclear.

The participants are confident that they can win back some of the business that has already gone to London. "A liquid spot market is the basis for futures trading, and the spot market for Bunds is in Germany," comments a German secondary market trading expert. "We know that it will be difficult to win back business, but we are confident," he adds.

Short trading hours have posed another problem for the Frankfurt stock exchange. But while the share and bond market is only open for two hours a day, the fully computerized DTB will allow equity options to be traded from 10 am to 4 pm.

Interbank equity trading prices will be used as the basis for options outside these hours. "We are still working on ways to make this information more transparent to a larger group of people," comments a spokesman for the bank.

The DTB estimates that the cost of equipping the fully computerized options and futures market will approach 60 million Deutsche marks. In addition to this, the participating banks and other financial institutions will be asked to find a further DM100 million. According to a spokesman for the DTB, more than 100 institutions have so far expressed a serious interest in the market.

In January, Chancellor Helmut Kohl's cabinet approved changes in the stock exchange law that will pave the way for a functioning futures and options market. The Bundestag (lower house of parliament) and the Bundesrat (upper house) still have to give their approval to the legal changes.

One key question concerns the status of futures and options contracts for private investors. Under the current law, private investors cannot be sued for their obligations because they are treated like gambling debts; but under the new rules they will become liable for their losses. To further develop this market, the government also plans to remove the legal obstacles that prevent investment funds and insurance companies from dealing in futures options.

The lower house is expected to pass the new stock exchange law after its summer break. Then it will go to the Bundesrat — which represents the interests of Germany's 11 federal states — where it is anticipated that a number of states will try to attach their own amendments to the draft.

This may take time, but it is unlikely to affect the overall outcome. Transforming the traditional Frankfurt stock exchange into a computerized high-tech market is vital if Frankfurt is to become a leading financial market within the integrated European market of the 1990s. And both the Bundesbank and the government have ambitious plans for the "Finanzplatz Deutschland."

During a recent visit to Frankfurt by British Prime Minister Margaret Thatcher, Bundesbank President Karl Otto Pöhl declared his ultimate intentions: he wants to make Frankfurt the home of a future European central bank.

But while politicians and central bankers are looking far into the future, German bankers are still battling against government regulations. Among their particular concerns are the so-called bourse transaction tax, which is levied every time shares or bonds change owners, and the new 10 percent withholding tax on interest earnings.

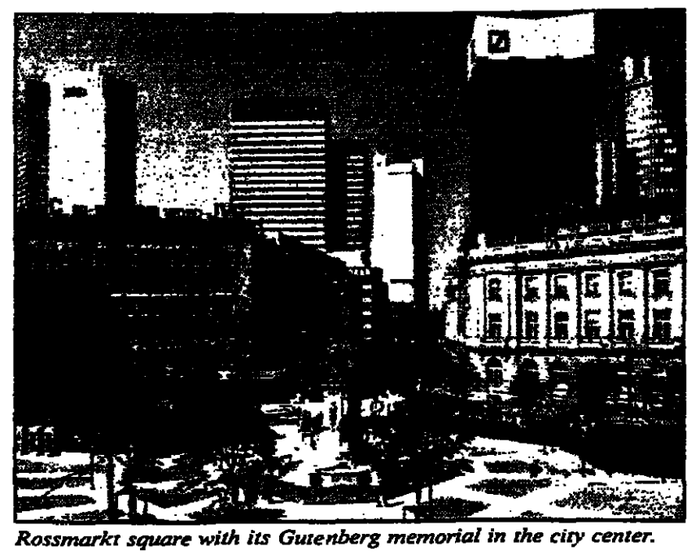
A recent effort by the federal state of Hesse (under whose jurisdiction Frankfurt falls) to scrap the bourse transaction tax failed in the Bundesrat this summer. Instead, the government, which says it needs the revenue, decided to leave the tax in place until 1993, the date set by the European Community for the liberalization of all European capital markets. By then agreement should also be reached on a uniform withholding tax for all EC countries.

In the meantime, the Bundesbank and commercial banks are helplessly watching huge amounts of capital flow out of Germany as investors try to avoid the withholding tax.

Sabine Krueger

John Cogan Von Hasselt

Dealers on the trading floor of the Frankfurt stock exchange.



Rossmarkt square with its Gutenberg memorial in the city center.

City on the Move

Continued from Page 19

furt. The growing importance of the banking sector has drawn a number of other supporting or related industries to Frankfurt such as advertising agencies, insurers and high-tech computer companies.

Setting up offices in Frankfurt not only puts companies close to the banks, it also puts them within easy reach of other major German cities. Munich, Hamburg and Düsseldorf are three hours away by car.

Frankfurt airport, the biggest and busiest in Germany, can be reached by subway and connects the city with other European capitals and the rest of the world. Some 3,000 flights leave Frankfurt each week, heading for 216 cities in 94 countries around the world. In 1988 Frankfurt Airport handled more than 25 billion passengers.

Frankfurt's trade shows are an important venue for industry representatives from around the world. Roughly 30 big fairs, mostly in the consumer goods sector, attract between 1 and 1.5 million people every year. The biggest and best known international fairs are the Frankfurt auto show, which takes place every two years, and the annual book fair.

Two of Germany's biggest national newspapers, the conservative Frankfurter Allgemeine Zeitung and the left-wing Frankfurter Rundschau, are published in Frankfurt.

On the financial side, the Frankfurt Stock Exchange is the biggest in Germany, although it still lags behind London and Paris in the greater European context.

But bankers and stock dealers hope that the introduction of a futures and options market in Frankfurt next year will boost the position of the Frankfurt bourse and attract new capital.

The Bundesbank, West Germany's central bank, is the most powerful in Europe, and exercises complete control over the country's monetary policy. Many bankers in Frankfurt hope that the Bundesbank and the Bonn government will persuade other European countries to choose Frankfurt as the home for a new European central bank.

"If the European central bank came to Frankfurt, it would really add to the importance of the city," one Frankfurt banker said.

A more immediate boost is expected from a repeal of Germany's controversial 10 percent withholding tax on investment income. An announcement by Germany's new finance minister, Theo Waigel, that he is seeking to abolish the tax has been greeted with enthusiasm by Frankfurt bankers and members of the Bundesbank.

Bankers say the tax severely damaged Frankfurt's position as a leading financial center because it drove away many foreign and domestic investors who shifted their money elsewhere to avoid the levy. A repeal of the tax, in combination with a liberalization of European capital and financial markets, is bound to strengthen Frankfurt's position in Europe, bankers say.

Sabine Krueger

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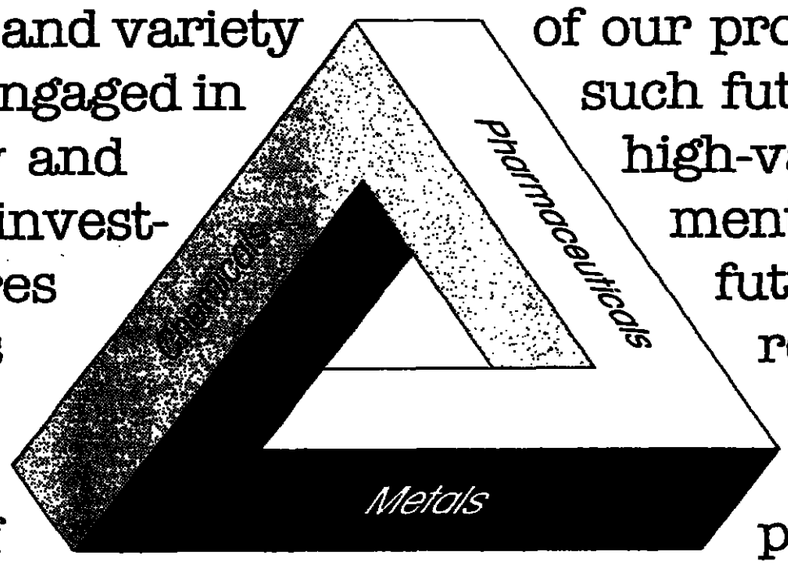

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DA 89

ADVERTISING SECTION

Second Trade Show Set For Export Next Year

The organizers of the Frankfurt Trade Show have taken to the road in their bid to boost business. Their aim: to expand existing services and attract new foreign clients.

By raising its international profile, Frankfurt is making a bid to become Europe's leading venue for shows. "And the number one fair in Europe will also be number one in the world," adds Mr. Elke Markau, chairman of Messe Frankfurt, the city's fair company.

Competition is rife in Germany, where the tradition of staging trade shows dates back over a thousand years, and every major city has its own fair company, or Messe. Frankfurt may not be the oldest — its own fairs date from the 13th century — but it scores well on every other count: the 400,000-square-meter fairground hosts seven of Germany's top 20 fairs and has the highest annual attendance, with 1.4 million visitors. Also, last year, the organizers staged 28 shows, attracted 32,000 exhibitors and boosted the city's economy by about DM1.5 billion ($800 million).

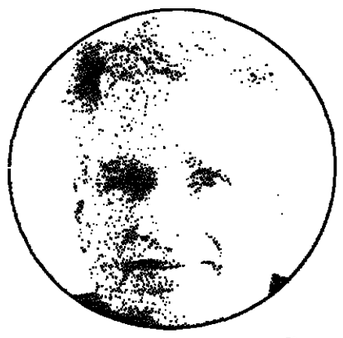
Prior to this, in November 1987, the Frankfurt Messe scored another first by successfully exporting one of its fairs, Interstoff Asia, to Hong Kong.

This popular fabric fair has been a regular feature of the Frankfurt calendar, drawing over 1,100 exhibitors and 23,000 visitors to its biannual showing. While the Asian event is essentially a scaled down version of the same show, about 80 percent of the exhibitors have opted to attend both.

Next on the agenda is Heimtextil Asia, another Frankfurt transplant that is scheduled to make its Tokyo debut in 1990.

Both events are specifically targeted at the medium-sized companies that account for four out of five of Frankfurt's exhibitors. And, according to Mr. Markau, both of them are intended to give European manufacturers greater access to overseas markets while, at the same time, attracting foreign exhibitors to fairs in Frankfurt.

Both objectives tie in with the top strategic goal of Messe Frankfurt:



Elke Markau, managing director, Messe Frankfurt.

maximizing the number of exhibitors and visitors from abroad.

In most industries one or more fairs are considered most important. Frankfurt, for example, hosts the top events in Europe, if not the world, for textiles, automobiles and books, as well as a number of smaller industries.

"Increasing competition between fairs means that one show in each industry is likely to emerge or solidify its position as the international leader," Mr. Markau said.

Frankfurt aims to make its shows as global as possible. "International contact gives meaning to specialty fairs. The more international they are, the more meaning they have for all involved," Mr. Markau said.

Messe Frankfurt is already claimed to be the world's most international fair company, drawing more than half of its exhibitors from abroad. The number of foreign companies climbed 23 percent in 1988 compared to 1986.

Now it aims to draw at least 60 percent of its exhibitors from abroad. The Frankfurt Interstoff, for instance, already averages 80 percent.

The semiannual Consumer Goods Show, in contrast, records about 30 percent. The spring version of the fair will split into two more specific events in 1990 in an effort to boost foreign attendance. Exhibition space at the show has been booked solid for years, with its waiting list comprised mostly of foreign companies.

Messe Frankfurt also hopes to boost foreign participation by expanding its promotion staff in Asia, the United States and Europe. It currently has representatives in about 70 nations. Also, Frankfurt might seek to enhance its attractiveness by building facilities for congresses and conventions.

The first fairs abroad have been in Southern Asia partly because of the region's dynamic economic growth and partly because of the Asian fair market's higher-than-average growth. "We must go to where the growth is," explained Mr. Markau.

In recent years, Asian nations have built spectacular fairgrounds. The facilities are rented to promoters, in contrast to Germany, where one organization in each city generally owns the grounds and organizes and promotes the events.

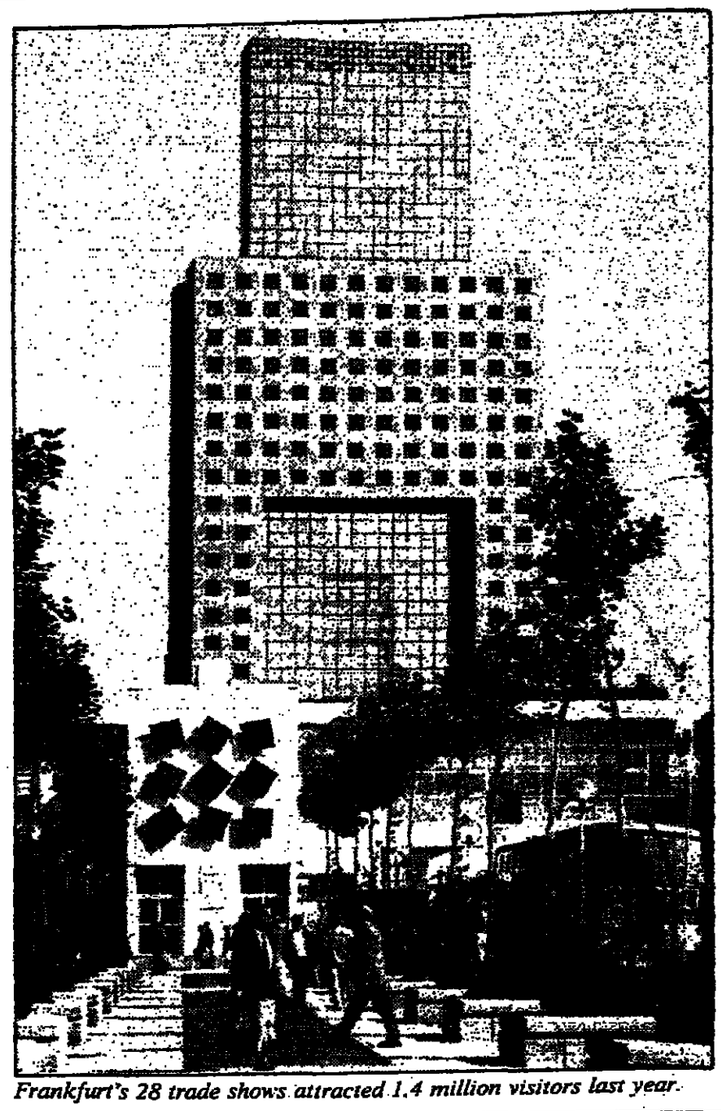
Frankfurt does not export fairs to other European nations because they would compete with events in Frankfurt and fragment the market, Mr. Markau said.

The U.S. market, on the other hand, has less potential for Messe Frankfurt because it is highly developed and tightly controlled, he said. Also, the bumpy, downward slide of the dollar's exchange rate in recent years has made the market less attractive to European manufacturers.

Messe Frankfurt plans to export other fairs, primarily specialty rather than general interest events. The autoparts show "Automechanika" might be the next one, Mr. Markau said. Also, these same fairs might be presented again elsewhere.

In addition to exporting whole events, Messe Frankfurt also markets fair know-how, themes and names to foreign promoters. Public Design Nagoya, a Japanese version of the Frankfurt show, was premiered in Tokyo in 1988 by local promoters.

Eric Toll



Frankfurt's 28 trade shows attracted 1.4 million visitors last year.

FRANCFORT, PÔLE D'ACTIVITÉ ÉCONOMIQUE DE L'EUROPE.

Music Business Information, France, March 1988

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The Economic Times, 1st November, 1987

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De Bouwkroniek, Belgium, 5th April, 1988

A sellout for Frankfurt Spring Fair '88

Frankfurt — The 80th Frankfurt International Spring '88 Fair which was held between 20th to 24th February proved to be a tremendous success, confirming the positive econo-

SINGAPORE

Asia Conventions/Exhibitions Review, Singapore, April 1988

Competition hots up at Frankfurt car fair

Bangkok Post, Thailand, 8th September, 1987

Fairs in Frankfurt and Messe Frankfurt itself are held in high international regard. A glance at the world press (see left) offers convincing evidence of this. Naturally, we note all of this with pleasure. Because it shows that Messe Frankfurt is a genuine meeting place for the whole world. And that the influence of trade fairs and exhibitions in Frankfurt is truly international. To be quite honest, we wouldn't be satisfied with anything less.

For further fair and travel information:

Messe Frankfurt GmbH
Ludwig-Erhard-Anlage 1
D-6000 Frankfurt 1
Tel.: (069) 7575-0
Telex: 411558 messe d

Name _____

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Street _____

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Views from the Boardroom

"For many years I was fairly disenchanted with Frankfurt — to my mind it was just a place to work. Then Frankfurt took giant strides toward making itself a modern, internationally oriented city. I hope this continues."

Harold Schutzmann, managing director, Charles Barker GmbH.

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Mrs. Anita Kaegi, manager of Art Frankfurt GmbH.

"Our company's founders recognized the importance of this city when they came to Frankfurt over a century ago. It has developed tremendously in the decade that I have spent working here. Not only the city, but also our own neighborhood of Bockenheim have acquired a new face."

Josef I. Felder, chairman, Hartmann & Braun AG.

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Dr. Hans-Joachim Nimtz, director, Degussa.

"There are very few European cities that are as cosmopolitan as Frankfurt.

What strikes me most is the openmindedness of the "Frankfurt" society. To newcomers and foreigners, to business and culture, to tradition as well as to new ideas.

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Hans J. Lange, vice chairman, Ogilvy & Mather Europe.

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Real Estate Reaches New Heights in Property Boom

If ambitious city planners and real estate developers get their way, the Frankfurt skyline of the 1990s will be dominated by shiny steel and glass skyscrapers. Why? Because the banking boom and rapid growth of its service sector have turned Frankfurt into one of Europe's hottest property markets.

As the single European market approaches, more and more businesses are chasing less and less space in Frankfurt's city center and the banking district bordering on the west end.

Despite the development of new business communities in the outlying areas of Niederrad and Eschborn, the squeeze is still on. Rents for prime office space have more than doubled in the last three or four years and will continue to skyrocket well into the 1990s.

Faced with such an overwhelming demand for space, the city has had no choice but to take to the skies. The big German banks started the trend some five years ago when they began to build skyscrapers to house their growing staffs. Deutsche Bank, the country's largest commercial bank, led the way by building two 155-meter (508-foot) high towers near the city's old Opera. Dresdner Bank, the second largest bank, swiftly topped this with its own 166-meter skyscraper in the heart of the banking district. Since then, the building boom has been on.

Günther Süberling, chairman, DG-Immobilien.

The city administration's planning bureau estimates that some 100,000 to 150,000 square meters (1.1 to 1.6 million square feet) of new office space a year will be needed to keep pace with the growing demand. In order to cope with the situation, Frankfurt-based architects Albert Speer & Partner were asked to draw up a building plan and identify the areas of the city best suited to high-rise office development.

The Speer team identified several potential sites in the heart of the city: the central area around the train station, the Messe (fairground) and the Platz der Republik. Based on this study, the city then laid the legal framework for their development by issuing new building permits.

The first of these projects, the 70-story Messeturm, is currently under construction near the fairground. The $300 million building, scheduled for completion in the fall of 1990, will create 61,000 square meters of new office space in the heart of the city. Mueller International Immobilien GmbH, a leading German commercial real estate broker which manages the project, says it already has reservations for some of the new offices at rents from upward of 50 marks per square meter ($2.48 per square foot) a month.

Real estate analysts say rents for new offices in the Frankfurt bank district now go as high as 60, sometimes even 70 marks per square meter. "Three or four years ago you would have paid 30 marks for a new office in the same area," says Günter Süberling, managing director at Deutsche Gesellschaft für Immobilien (DG-Immobilien), the real estate arm of DG Bank.

Mr. Süberling says the shortage of adequate office space in the Frankfurt city center has driven rents sky-high. In 1984, 125,000 square meters of new office space was rented out; by 1986 the figure had doubled to 250,000 square meters. The figure then dipped to 200,000 square meters in 1987 and 160,000 square meters last year. But, Mr. Süberling says, "The downturn in 1987 is not a sign of declining demand; it's an indication of unsatisfied demand."

Estimates as to exactly how much new office space will be needed over the next two or three years vary widely. While the city administration puts annual demand for new office space at 100,000 to 150,000 square meters, some analysts claim the figure should be nearer 200,000 square meters.

Zadelhoff Deutschland GmbH, another big commercial real estate brokerage, estimates that 167,000 square meters of new office space will come on to the Frankfurt market in 1989 and 276,000 square meters in 1990. But these figures refer to the entire metropolitan area, including peripheral locations such as Eschborn and Niederrad. Less than half of the newly built offices will be in the center and banking district: 95,000 square meters in 1989 and 110,000 square meters in 1990, according to Zadelhoff's latest report.

Another gigantic building project, expected to add 45,000 square meters of new office space to the tight Frankfurt market, is scheduled for completion toward the end of 1991. So far the 60-story Campanile exists only on the drawing board: an initial building permit for its city-center site has been issued, but the financial side of the project has yet to be fixed.

As for the Bank für Gemeinwirtschaft (BfG), it hopes to move into its own new 47-story skyscraper, on Neue Mainzer Landstrasse, in 1993. To help finance the project, the bank recently sold its current 36-story office in the banking district to Swedish real estate broker Coronado Fasthigets. Until the move, BfG will continue to rent its original premises from the new owner.

Such projects are by no means the only ones on the drawing board, but they are the most likely to be realized. Other skyscrapers, including a huge Japanese center, have been under discussion, but it is not clear how many of them will now receive building permits from the new city administration.

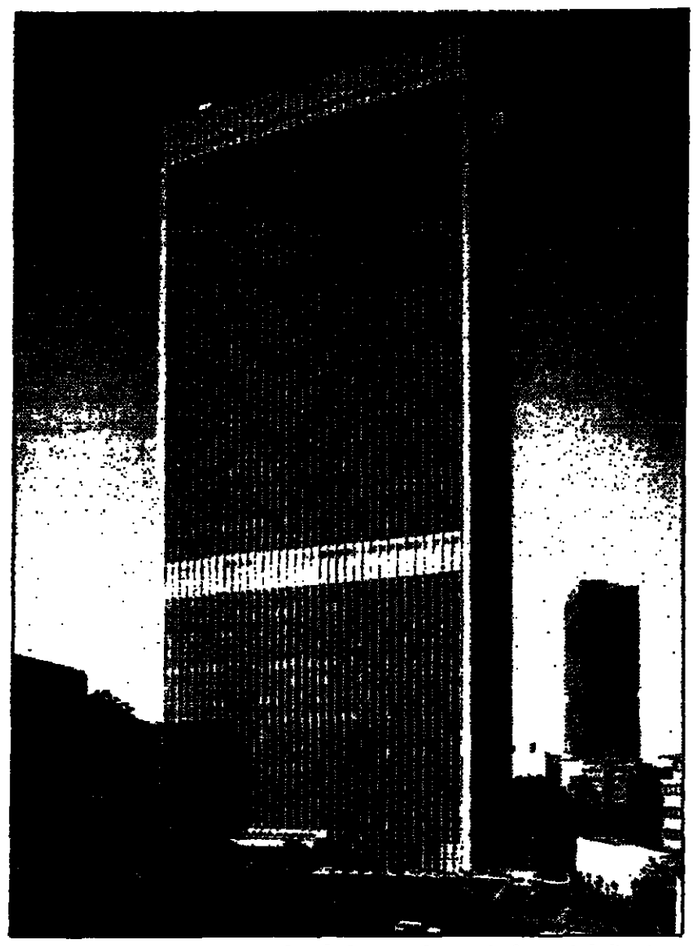
Meanwhile, firms are being forced to move, however reluctantly, into outlying areas such as Niederrad and Eschborn.

"In view of the high rents, many firms have asked themselves if they must really have offices in the banking district," Mr. Süberling says. "Communications and computer companies, in particular, have chosen to move their headquarters out to Niederrad, a relatively new business community on the opposite side of the river, where companies like IBM, Olivetti, Wang and Commodore are now based."

One of the attractions of this area is office rents ranging from 20 to 25 marks per square meter, compared with 50 to 70 marks for prime locations on the other side of the river. In Eschborn, where many large firms and banks have put up their computer and communications headquarters, rents are even two to three marks lower than in Niederrad.

Although the peripheral locations are more attractive than the city center to some businesses, real estate brokers are not recommending them for investment purposes. "Once the market is saturated, rents in these places will be the first to fall," warns one broker.

Sabine Krueger



New skyscrapers dominate the skyline in the city's financial district.

Calling all Stations: Frankfurt on the Air

It takes two licenses to drive in Frankfurt — one for the car and a second for the radio. But, for thousands of commuters, the cost of the latter is easily offset by the time saved by tuning-in to local radio.

Frankfurt's two local stations — the Hessischer Rundfunk (HR) and the American Forces Network (AFN) — broadcast to 3 million listeners around the clock. And, as part of the service, they provide up-to-the-minute traffic reports to steer the city's 250,000 commuters around tailbacks and bottlenecks.

"We offer a wide variety of programs including entertainment, the latest shows, news and comment," says Dr. Hartwig Kelm, director general of HR, a public radio and television station.

But the low license fee of DM3.85 (US$1.75) per week — or "the equivalent of two cinema tickets per month," as he describes it — poses real problems for HR, which runs four radio stations and a television channel as well as providing ARD, the national network, with about 8 percent of its airtime.

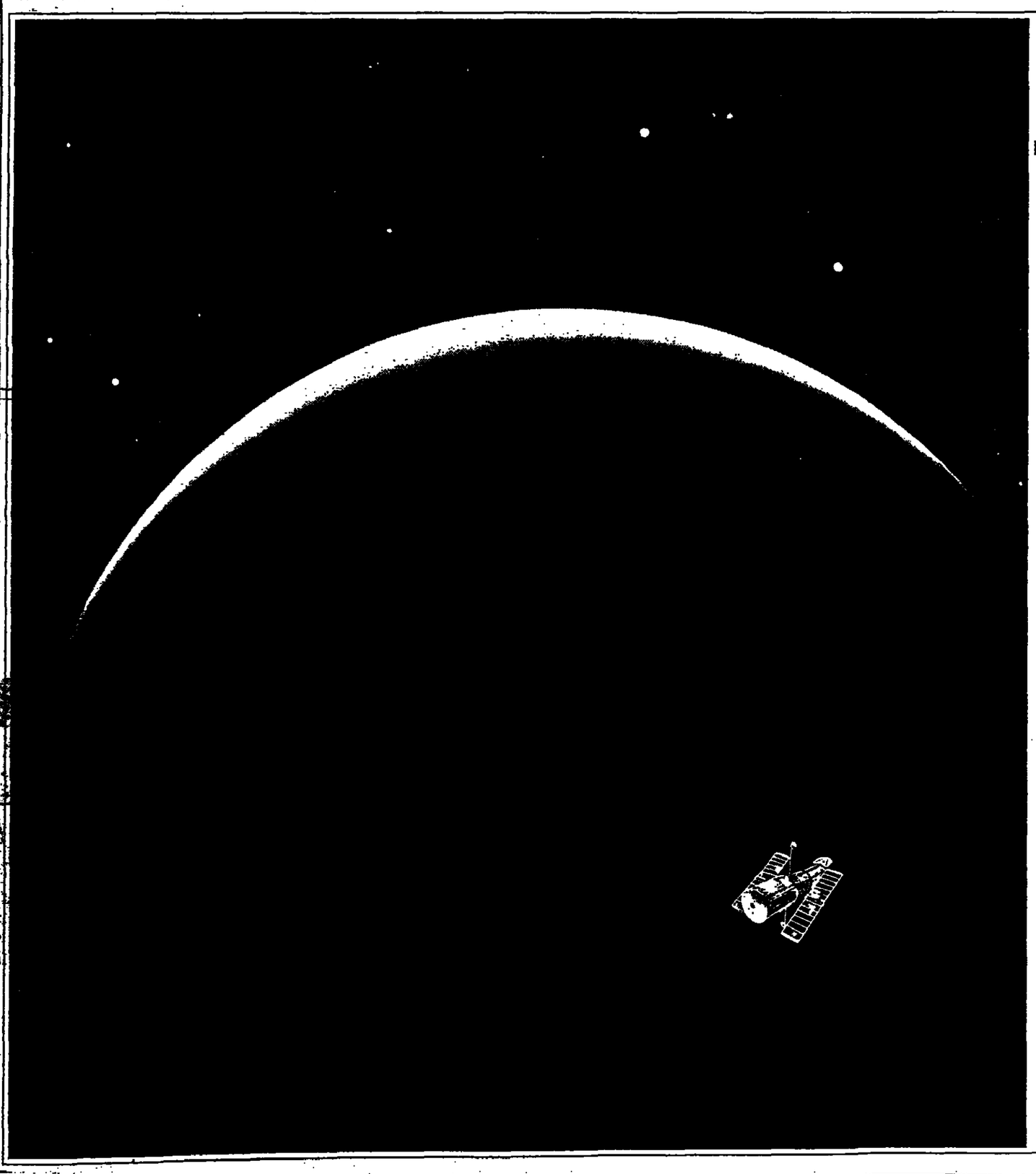
In Germany, public broadcasters like HR rely on their license revenue because the amount of advertising that they can carry is strictly limited by law. Meanwhile, commercial stations can tap their advertisers' budgets to keep pace with escalating production costs.

For HR, which draws 70 percent of its income from license fees and only 30 percent from advertising, the prospect of increased pan-European competition carries inevitable consequences.

"The license fee will have to be increased," argues Dr. Kelm, "if we are to maintain our current high standard."

The station's next door neighbor, AFN, is less directly susceptible to such pressures: as a non-profit making organization it doesn't carry any advertising. Instead, the American Defense Department underwrites the operating costs of both its television and radion stations. And, while a company like HR employs 2,500 people, AFN is run by a staff of under 300.

"Where other stations rely on their large staffs and big budgets, we rely on the skills and enthusiasm of a small, highly motivated team," comments Captain Jeffrey L. Whitted, public affairs officer and commander of the Air Force's European Broadcasting Squadron. "Many of our 650,000 listeners and viewers either don't know, or tend to forget, that our staff average 50 to 60 hour weeks in order to fulfill their military duties as well as their tasks here at AFN."



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STADT FRANKFURT AM MAIN

A Guided Tour to the Good Life in Frankfurt

The audience held its breath, awaiting the results of a recent ceremony to honor the best city in Europe. "And the winner is ... Frankfurt." London gasped. Paris wept. Frankfurt smiled, seemingly unsurprised.

The scene is fictitious, but the story is true. A recently completed EC study declared Frankfurt to be the most socially, economically and environmentally attractive city in the European Community. Other studies have had similar results.

Visitors can discover the attraction of this city on the Main by starting at the 14th-century cathedral and the Römerberg, a row of restored Gothic buildings. Nearby is the birthplace of Wolfgang von Goethe, the celebrated German poet.

Across the river is the Sachsenhausen district. Most of the city's *Ebbelwoi Kneipen* or apple wine (hard cider) bars are here, particularly in the Old World maze of cobblestone alleys and half-timbered buildings between Dreieichstrasse and Brückenstrasse.

Frankfurt is also a place of natural beauty; indeed, one-sixth of the city area is forests. In northwestern Frankfurt, the National Garden Show has 222 acres (90 hectares) of parks, ponds and flowerbeds as well as festivals and live music. After the show ends on Oct. 15, the site will become the city's largest park.

Palmengarten, the excellent botanical garden, has jazz and other concerts under the summer skies, and a lake with rowboats for hire. The Frankfurt zoo is famous for its rare species living in natural habitats.

Near Frankfurt, visit Bad Homburg and Wiesbaden. Both have elegant casinos and are former royal spa resorts. The Taunus Therme spa in Bad Homburg has numerous pools, saunas and waterfalls in a lush oriental garden setting.

Königstein and Kronberg are fairy tale towns with castles and cobblestone in the Taunus Hills. Just beyond Wiesbaden, one can take a river cruise in the beautiful Rhine valley, sampling its wines and surveying its castles.

Should a gray drizzle prompt one to seek shelter, Frankfurt has more than 20 museums, many of which can be found along Schaumainkai on the Main's southern bank.

The pulse of Frankfurt is the Zeil, Germany's greatest pedestrian shopping area. Near the Zeil is the British Bookshop, with a large enough selection of books and magazines to keep expatriates well-read for life.

South of the Zeil is Goethestrasse, the Rodeo Drive of the city on the Main. Frankfurt's beautiful people shop here, at designer shops such as Annabel of Königstein.

Frankfurt's cosmopolitan side is also reflected in the city's hundreds of restaurants. To sample the indigenous cuisine try the apple wine restaurants Zum Gemalten Haus or Wagner in Sachsenhausen. North of the river are Zum Rad and Blaubart, a lively restaurant in a wine cellar. Or try dishes from Lebanon (Byblos Restaurant), Argentina (Maredo), Mexico (El Pacifico Cantina) and Yugoslavia (Dubrovnik).

The city has more than 20 theaters and numerous concert halls. The Alte Oper, or old opera house, features classical as well as modern music. Tiger Palast and Neues Theater have variety shows.

For those who are feeling homesick, or skipped German classes, many of the city's cinemas show Hollywood movies in English, particularly the Airport Cinema and Turm Palast. The English Theater is an English-language playhouse. For a schedule of current events, check the biweekly booklet Frankfurt Woche. The magazine Pflasterstrand also lists movies, plays, concerts, exhibitions and other happenings; Akt details events on Frankfurt stages.

For Old World-style bars, dive into the apple wine inns. A more cosmopolitan mood is found in the numerous bars and cafes near the Zeil in the area east of the opera house. The neon-lit Eins-Zwei and Dominique 2 are bars for the sleek and chic.

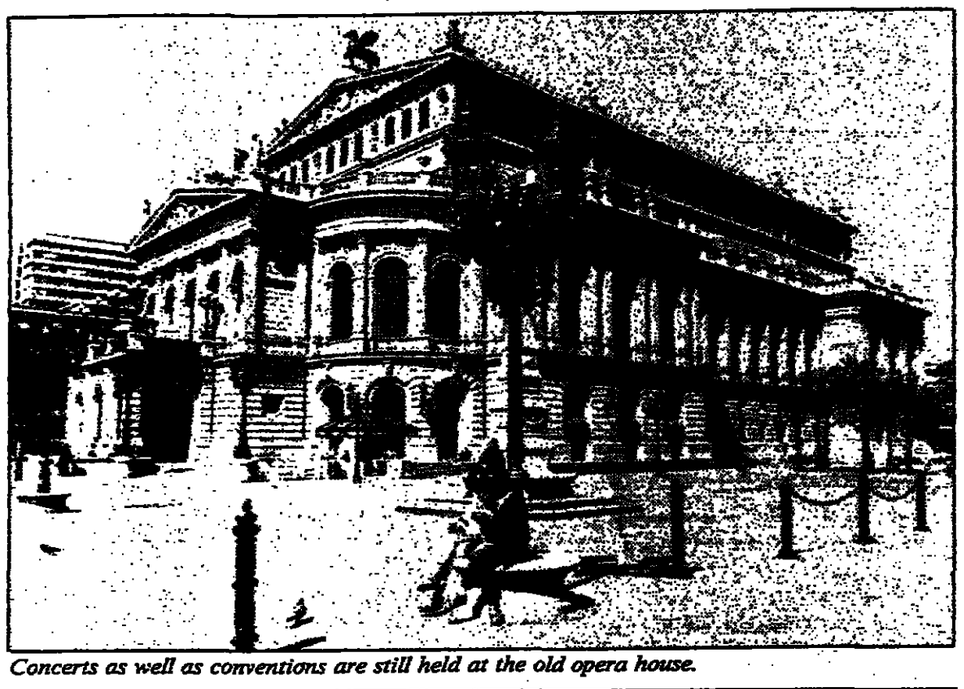
For live music, head to the Jazz Kneipe and Jazz Keller. Bands from Africa and Latin America perform at Brotfabrik on weekends; Batschkapp has an underground disco and concerts by top new-wave acts from England, the United States and elsewhere.

For the tres chic, Frankfurt is full of discotheques. Le Jardin and Chameleon attract an older, more sophisticated crowd. Younger people gather at Cooky's, Plastik or Dorian Gray, which is open from Saturday night until Sunday noon.

Some of the best celebrations to catch are the Schlossfest (Castle Festival) at the Höchst Castle in July, and the Brunnenfest (Fountain Festival) in Sachsenhausen and the Mainfest (Festival of the Main) near the Römerberg, both in August.

Finally, if you happen to visit in December, make sure you don't miss the Christmas market at Römerberg, the holiday hymns and hot spiced wine.

Eric Toll



Concerts as well as conventions are still held at the old opera house.

Tips for Businessmen, or How to Make the Transit Tasty

The Main not only separates the northern and the southern parts of Germany. It also marks a major cultural divide: up north one eats to live; down south one lives to eat. Folklore aside, there is some truth in the statement.

And, just as the city of Frankfurt straddles the great divide, so it also encourages its guests to mix business with pleasure.

For sheer style, it would be hard to beat a stay in the city-center Steigenberger Hotel Frankfurter Hof, where the 350-square-meter (3,767-square-foot) President's Suite comes complete with its own butler. Even the waiters that deliver the morning tea wear black tie and tails.

It's small details like these — as well as the 110-year-old hotel's prime location — that have helped make the Frankfurter Hof the flagship of Germany's biggest hotel group, Steigenberger Inc.

For flying visits, Frankfurt's second Steigenberger — the Steigenberger Hotel Frankfurt Airport — is conveniently situated close to the airport's check-in desks. Its new Executive Tower — a DM30 million annex housing 160 rooms, 35 suites and a different conference room for every day of the week — is due to open this year.

"Luxurious elegance and the perfect service of a five-star hotel is what we're looking for," says a hotel spokesman echoing the sentiments of most businessmen on the move. At present these weary travelers can take their pick of 18,000 hotel beds in the city. But, along with the Steigenberger Hotel Frankfurt Airport, a number of other first class hotels — including the Sheraton, Frankfurt Intercontinental, Hessicher Hof and Parkhotel Frankfurt, as well as the excellent Kempinski in Gravensbruch — also plan to expand.

The Arabella Group, which already runs the local Congress Hotel, is currently building a five-star establishment in the city center. Along with its 378 rooms, the Arabella Grand Hotel will feature the Premiere restaurant, which, director Rolf Scharfenberg hopes, will become a major attraction.

A 10-minute drive away in the Stadtwald forest, the 279-room Queen's Hotel International plans to spend DM12 million on renovating its restaurants this year.

Good food not only attracts gourmet guests, it also deters them from wandering elsewhere. The city's oldest hotel-restaurant, the Frankfurter Hof's Restaurant Français, is justifiably renowned for both its cellar and its period interior. The Hotel Intercontinental features French cuisine in a traditional English club style.

But working, eating and sleeping under the same roof is not necessarily the best way to pack the most into a short stay. Surely a mobile executive should try and take at least one dinner break outside.

If you find hotel restaurants irresistible, you can always choose from among the Gourmet restaurant at Kempinski Gravenbruch, the Hessischer Hof, La Truffe at the Parkhotel or the superb Papillon at Frankfurt's Sheraton.

Alternatively, you might try the Humperdinck — named after the composer who once lived here — where owner Edmund Teusch and chef Willi Tetz add their own modern touch to traditional French food.

Go Italian at the Gallo Nero, where the grilled sole with garlic and poultry with sage are culinary works of art, and fully merit the designer price-tags they carry.

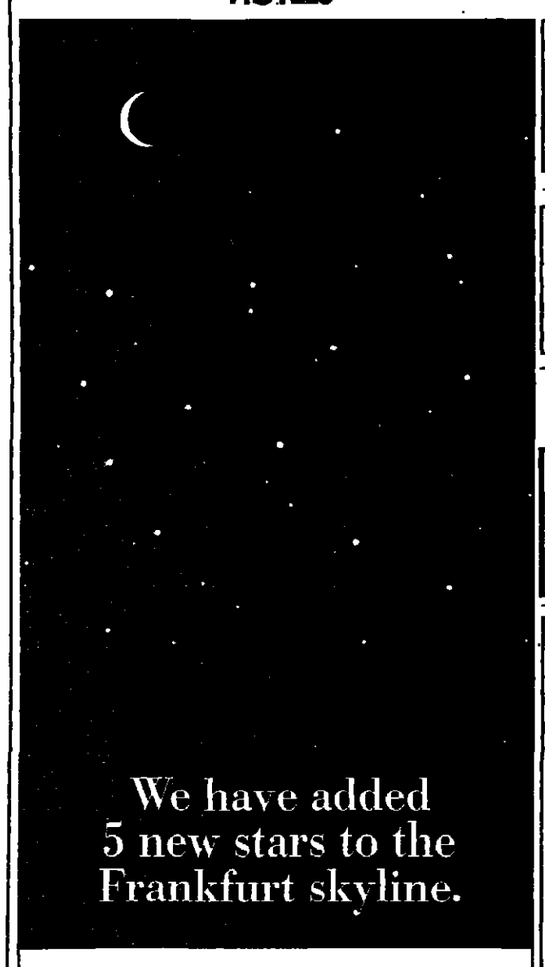
Visit the Brückenkeller — a favorite haunt of the seasoned traveler — and learn how outstanding the local cuisine can be.

Or just try your luck in any of the city's 250 outdoor restaurants. There are certainly far worse ways of mixing business with pleasure than a convivial evening in nightspots such as the Wagner. Recommended menu? Spare ribs with kraut.

Peter Bizer

THE BEST OF FRANKFURT

HOTELS



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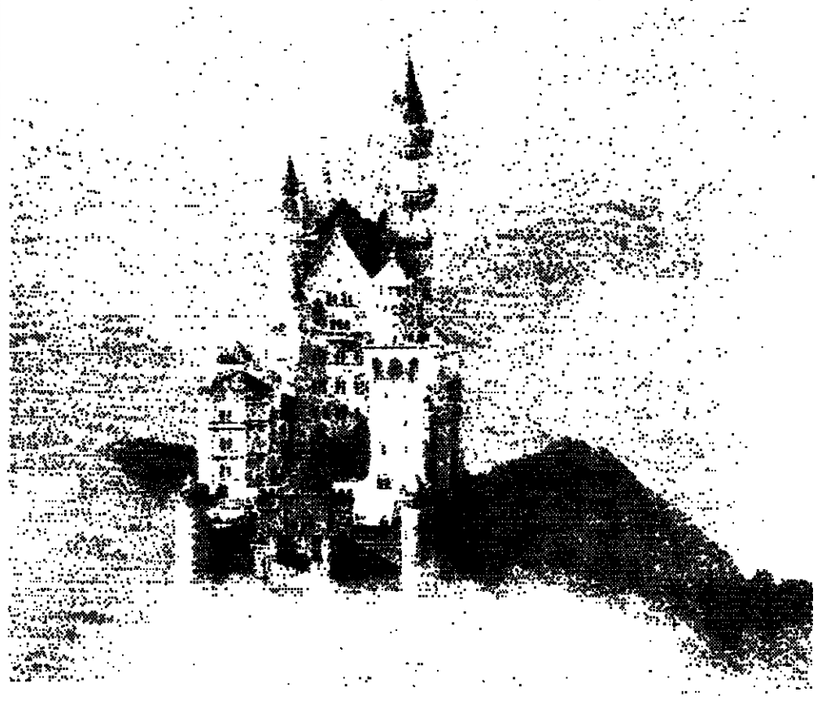
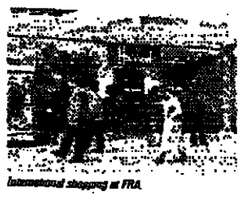


Europe via FRA

What's next on the itinerary? A museum, some fairy-tale castles, a palace or two and a few cathedrals. Oh, and don't forget that leaning tower! – Alright, then it must be Frankfurt. At FRA passengers arrive directly on central European soil. And from there there's no faster, better or more convenient way to get round the entire continent. FRA plays host to scores of international airlines and daily says "Auf Wiedersehen" to 270 flights to every corner of Europe. Guests will find a great welcome awaiting them at FRA – we speak English too – in bars, cafes, lounges, restaurants and movies. Trouble is, fast connections without having to change terminals means they could be up and away only 45 minutes later.



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ADVERTISING SECTION

Carrying the Flame for Frankfurt's Olympic Hope

The Sports and Fitness Center, number one among Frankfurt's more than 80 health and fitness clubs, is only a block away from the city's stock exchange. Every day, by 4 p.m. at the latest, it's sold out.

The clients are uniformly dressed in dark distinctive business suits, relieved by the glint of expensive tiepins and watchchains clipped to their vests. They all seem young and dynamic, part of the image that goes with their lifestyle.

By a conservative estimate, there are over 40,000 of these young, upwardly mobile executives at work as money traders, brokers or bankers in Frankfurt. The majority of them are above-average income singles driven by the idea: Keep in shape for the big business.

"It is most important to compensate for my nerve-wracking job," says Gerry Schwarz, 28, who juggles millions of dollars worth of bonds every day in the dealing room of a large U.S. bank. "The city where I live has to have a lot to offer. That includes sports because sport plays an important role in my pastime," says Gerry. Only recently, he started Asian kick boxing.

"Big cities such as Frankfurt will face a tremendous change in the sports and leisure sector over the next few years, because the increase in service-oriented jobs and broader use of advanced technology is making people plan their leisure time to include physical exercise," says Professor Albert Speer, a local architect and city planner.

Mr. Speer doesn't just work on new architectural concepts for the city of Frankfurt. He tries to direct the skycraper boom toward daring but nevertheless rational solutions. And he has a very sports-oriented vision: "I would like to see Frankfurt host the Olympic Games in 2004."

His idea sprang from the original notion of "urban games" in Frankfurt. "I don't want an Olympic compound outside the city, I want a huge celebration all over Frankfurt with all of the sports arenas within walking distance," he explains.

Like Stuttgart, Hamburg, West Berlin and the Ruhr area, the city of Frankfurt could be a candidate for the Olympic Games in 2004. According to Mr. Speer, "Frankfurt has many advantages such as its geostrategical location, infrastructure and the enthusiasm of its inhabitants."

Frankfurt already spends approximately 145 million Deutsche marks a year to support over 450 existing sports clubs and build new sports facilities. At present, plans for an 18,000-spectator "Euro Dom" are being discussed, and a 20-field tennis court is about to be built next door to the sports stadium.

"No other city in Germany supports athletic events and mass sports like Frankfurt does," says Wolfram Kratzat, general manager of Olympic Summergames Inc., the organization set up by city officials to handle Frankfurt's Olympic application. Between now and 1995 the city will spend DM45 million in an attempt to outshine the competition.

"If in 1995 the National Olympic Committee finalizes its decision that we will become the official candidate for the Olympics, the material and non-material effect on the development of Frankfurt and the whole region will be invaluable," claims Mr. Kratzat.

Frankfurt's ten-strong Olympic Corporation has set itself three immediate goals: to try and bring more national and international sports events to Frankfurt; to enlist the support of local business to help promote the "Olympic idea"; and to promote interest in the event among local inhabitants.

The corporation has already organized events such as the International Track and Field Meeting, which will be held in Frankfurt for the first time on July 30, and the traditional Frankfurt horse show, Frankfurter Reitturnier, which will be revived at the Festhalle in December.

There are also sound business reasons behind Frankfurt's application. As Mr. Speer explains: "Our intentions include abstract ideas such as glory for the city and increasing the citizens' self-esteem, as well as strategic goals in area development, public relations and tourist effect. More concrete developments would be the improvement of our sports facilities and changing urban development. A good example of how the appearance of a city can be changed by the Oympics is Munich, which hosted the Olympic Games in 1972."

The sporting theme is close to Frankfurt's history. Members of the German parliament who held their first meeting at Frankfurt's Paulskirche in 1884 were cheered by athletes who had fought against feudalism in the city suburbs. Later, Frankfurt became a leader of the German Athletes Movement. And so, during the German Athletes event in 1983, the idea of the Frankfurt Olympics was born.

It may even serve to revive the city's former Olympic glories. The first sprinter to run the 100 meter distance in 10.0 seconds, Armin Hary, belonged to a Frankfurt-based club. And Michael Gross, a student from Frankfurt's historical suburb Sachsenhausen, won gold medals in Los Angeles and Seoul.

However, the broker Gerry Schwarz still only exercises to stay in shape. "It helps to keep my head clear when I sit in front of my computer," he says. "Physical exercise is similar to a fight in business, which is why I love to be in Frankfurt."

Peter Bizer

Marathon runners race through the city streets.

Frankfurt's Forum for the Modern Publishing Trade

The International Book Fair invariably attracts an eager audience of bibliophiles to its October opening. Last year, no less than 340,000 titles from 95 nations were on display. And this year the event looks set to surpass its own record yet again.

For six golden days each October, Frankfurt is the place to be for anyone and everyone involved in the publishing trade.

Authors mingle with publishers and booksellers. Art lovers browse through the pages of limited editions and best-sellers. And behind the scenes, brisk business goes on at the book trade's most important annual event where, insiders estimate, over 80 percent of the trade's international licensing deals are struck.

The event has snowballed since 1949, when it was first held in Frankfurt's St. Paul's Church. On that occasion only 205 German publishers attended the show, which, prior to partition, had traditionally taken place in Leipzig. But, with gathering international support, the event soon became a successful annual fixture.

By 1964 it had outgrown its origins, so the Boersenverein, the association of German booksellers that had previously organized the fair, established the Exhibition and Fair Association. As an independent subsidiary, this body became responsible for organizing book fairs both in Frankfurt and abroad.

Last year, as usual, German, English and American companies headed the list of participants among the 8,000 exhibitors. But in a new move to focus attention on individual nations, Italy was showcased for coverage by the 7,500 journalists and 51 television companies that covered the event.

This year it will be France that steals the spotlight. Similarly, in May, 550 German publishers will take part in the Paris Salon du Livre.

Frankfurt's involvement with the publishing trade goes far beyond the fair: 160 publishing houses as well as numerous newpapers and magazines are also based in the city.

One of the best-known is Fischer, which was founded in 1886 and whose list includes classics by writers such as Dostoyevski, Ibsen, Tolstoy, Zola and Thomas Mann. Today it is part of the Holtzbrinck group, with a classic list that includes Arthur Miller, Virginia Woolf and Sigmund Freud in addition to an extensive paperback range of fiction and non-fiction and a growing number of contemporary writers contributing to the Fischer Collection. The Suhrkamp group, an offshoot of Fischer founded in 1950, attracted authors such as Herman Hesse, Max Frisch and Bertolt Brecht.

The range of publishers in Frankfurt is as broad and varied as the books they produce. Athenaum, for example, specializes in academic works; the Europaische Verlagsanstalt concentrates on political science; Hain is well-known for its philosophical list and Verlag der Autoren for its books on theater.

Moritz Diesterweg, Alibaba, Nashorn and Eichborn all produce material for the younger reader — ranging from text books to comic books. And a recent arrival in the city, the Frankfurter Verlagsanstalt, is rapidly building up its own list of mainly German titles.

To make all these books available to the reader, Frankfurt also has about 160 bookstores, as well as a stock of over 13 million volumes in its 200 public libraries. Statistically speaking, every citizen of Frankfurt borrows four books a year and, as the city has the highest rate of foreigners in Germany (25 percent), the foreign language section is considerable.

Another vital part of Frankfurt's publishing life is the Boersenverein des Deutschen Buchhandels, founded in 1825. As the parent organization of all three levels of the publishing trade — the producing, the intermediate and the distributing book trade — it takes care of the interests of 5,800 members.

And its trade journal, the Boersenblatt des Deutschen Buchhandels, is one of the most widely read and influential within the publishing trade. Published twice a week, and packed with news and views, it has become essential reading for all those within the city's, and the nation's, thriving publishing industry.

Irene Niessen

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Frankfurt. A city and its faces.

If you want to get to know all of Frankfurt's faces, you need to look not only into the eyes of this city and its people, but deep into its heart. There you will find the old mixed with the new. The arts hand in hand with commerce. Leisure alongside top class sport. Apparent opposites join together in Frankfurt to form a harmonious whole and strive together towards new goals. With the interest to host the Olympic Games the face of this city will change further. It will become more modern, more dynamic and more sportive. Come and see for yourself.

Frankfurt. The City of Sports.

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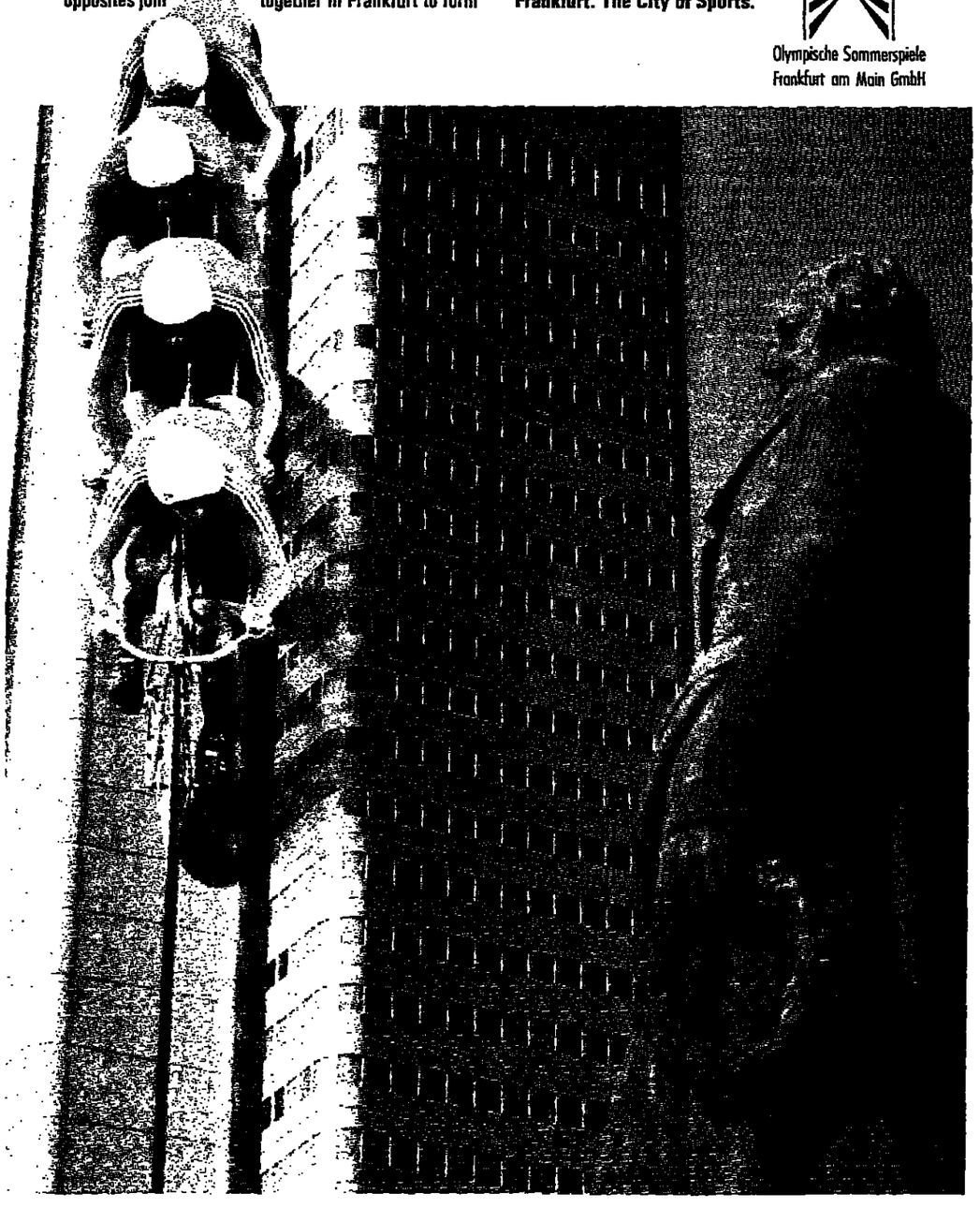

Tasty

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SPORTS

Abbott, Outpitching Clemens, Blanks Red Sox With 4-Hitter

Compiled by Our Staff From Dispatches

The Rocket met The Rookie at Anaheim Stadium and at least one thing happened in accordance with the billing:

Roger Clemens struck out the side in the first inning.

So much for order and expectancy. So much for Clemens's presence and Jim Abbott's nerves and the end of the line for the California Angels' latest winning streak.

There was a shutout thrown Wednesday evening, but it wasn't by Clemens, the star of the Boston Red Sox. He barely threw one shutout inning, and he pitched in only three.

Abbott, the rookie who had drawn matchups against Mark Langston, Jimmy Key and Mike Moore in three of his first four major league starts, turned his toughest draw into his brightest moment yet, a stunning four-hit, 5-0 victory over the Red Sox before a crowd of 31,230 that greeted the final out with a standing ovation.

Seven starts into his professional career and coming off a nightmar-

BASEBALL ROUNDUP

ish outing against the New York Yankees, Abbott not only threw his first complete game, but beat the defending American League East champions, held the Wade Boggs-Ellis Burks-Mike Greenwell hit parade in check and outpitched a two-time Cy Young award winner.

On paper, the matchup must have looked frightening to Angel eyes. Abbott, 21, had lasted just three innings in his last outing, a 5-2 loss to the Yankees in which he surrendered five runs, six hits and two home runs. Clemens, meanwhile, stepped to the mound with a 5-1 record, a 2.18 earned-run average and a 2-0 victory over Seattle in his previous start.

But on a night of role reversal, Abbott pitched a poised, polished nine innings while Clemens was gone from the game before he could record seven outs.

Clemens did strike out the side in the first, but he had to face nine batters to do it — and allowing five to score, thanks to a three-run double by Chili Davis and a two-run homer by Lance Parrish.

After a scoreless second inning, Clemens walked Brian Downing and yielded a single to Wally Joyner to open the third before Boston's manager, Joe Morgan, pulled the plug. Before Wednesday, Clemens had not pitched fewer than seven innings in his eight starts this season.

Abbott said that "coming off my last start, I felt that was a bad day, but I didn't think it meant I was a bad pitcher."

"The most gratifying thing about tonight was I proved it," he added.

He needed just 103 pitches to prove it. He limited Boston to four singles — two by Greenwell, one a scratch hit by Boggs — and faced only 30 batters, three over the minimum. Four double plays made that possible, with Jim Rice hitting into two of them.

And the Angels won their fifth straight, maintaining their first-place tie atop the American League West standings with the Oakland Athletics.

Athletics 8, Yankees 3: In Oakland, California, the home team got 15 hits, including four by Terry Steinbach and Mark McGwire's long two-run homer.

The Athletics fell behind New York, 3-0, then rallied in the second when Billy Beane singled home a run and Luis Polonia drove in two on a two-out triple that hit off the face of the Yankees' center fielder, Roberto Kelly, who dove for the sinking liner. Left fielder Rickey Henderson ran down the ball and relayed to shortstop Alvaro Espinoza, who threw out Polonia at the plate as he tried for an inside-the-park home run.

Indians 6, Blue Jays 3: Joe Carter hit a three-run homer for Cleveland to cap a six-run third in Toronto and Bud Black held the Blue Jays to five hits over seven innings.

White Sox 10, Tigers 7: In Detroit, Fred Manrique's three-run double capped a five-run ninth for Chicago as Guillermo Hernandez failed in a save situation for the first time this season.

Twins 4, Royals 3: Kirby Puckett singled home Jim Dwyer with two out in the bottom of the 10th in Minneapolis and ended Kansas City's five-game winning streak.

Orioles 8, Rangers 2: In Arlington, Texas, Mickey Tettleton hit the longest home run at Arlington Stadium this season and scored three runs for Baltimore.

Brewers 9, Mariners 6: In Seattle, Paul Molitor, Terry Francona and Charlie O'Brien homered for Milwaukee to help end the Mariners' three-game winning streak.

Dodgers 4, Mets 3: In the National League, Rick Dempsey drew a bases-loaded walk from Rick Aguilera with two out in the 10th inning in New York to give Los Angeles its third straight victory.

Aguilera took over to start the 10th and made a throwing error on a chopper by the leadoff batter, Mike Sharperson. After Mariano Duncan grounded into a force out and Willie Randolph flied out, Mike Marshall's hit-and-run single sent Duncan to third and the Mets intentionally walked Eddie Murray to load the bases. But the strategy backfired when Aguilera walked Dempsey on a 3-1 pitch.

Reds 5, Pirates 4: Bill Landrum walked Bo Diaz with the bases loaded and two out in the bottom of the 10th in Cincinnati to force in the run that beat Pittsburgh. Landrum gave up a two-out single to Paul O'Neill, then walked Todd Benzinger and Rolando Roomes. Diaz, hitting just .150 with one RBI, then took four straight balls and forced in O'Neill.

Padres 6, Expos 5: Rob Nelson's three-run homer snapped a sixth-inning tie as San Diego swept the three-game series in Montreal. The Expos' starter, Pascual Perez, who fell to 0-6, struck out 10 in six innings but was hurt by four unearned runs.

Cubs 4, Braves 0: Jeff Pico, normally a reliever, pitched seven shutout innings in his first start this season as Atlanta was swept at Chicago's Wrigley Field for the first time since 1984.

Pico, who allowed four hits, walked three and struck out three, was named the Cubs' starter after Rick Sutcliffe developed back spasms on Monday. It was Pico's first victory as a starter since he beat the Braves on Aug. 27. He has pitched 21 straight shutout innings against them.

Astros 3, Cardinals 2: Pinch-runner Eric Yelding slid home with the winning run on Craig Biggio's ninth-inning grounder in Houston as the Astros, with a two-run rally, won their fifth straight and handed St. Louis its fifth straight loss.

(LAT, AP, UPI)

George Widman/The Associated Press

Rick Reuschel, a day turning 40th, had a perfect game going against the Phillies until Tom Herr singled with two out in the seventh.

40's an Almost-Perfect Age for Giants' Reuschel

Compiled by Our Staff From Dispatches

PHILADELPHIA — Rick Reuschel wasted no time proving the adage that life begins at 40. A day after celebrating his 40th birthday, he went out to the pitcher's mound for the San Francisco Giants and proceeded to mow down the first 20 batters he faced Wednesday night.

He had a perfect game going against the Phillies until Tom Herr singled with two out in the seventh inning. Herr was thrown out trying to stretch the hit into a double and Reuschel pitched a hitless eighth before reliever Jeff Brantley completed San Francisco's 6-0 victory, with Candy Maldonado and Kevin Mitchell each driving in two runs.

"I'm not a young man any more," said Reuschel. "I was ready to come out. The hit didn't bother me much. It would be nice to get a no-hitter, but as soon as it's over you forget it."

Reuschel, who won his 200th game last week, has pitched five two-hitters, the last Aug. 17 against the New York Mets. But no no-hitters.

"You don't think about perfect games or no-hitters at my age," he said. "But when you get in that neighborhood, it's nice."

Reuschel became the National League's first seven-game winner this season as he struck out six.

"Rick is a catcher's dream, an infielder's dream, an umpire's dream, everybody's dream," said catcher Terry Kennedy. "He knows how to pitch hitters, he works fast and keeps getting better. He thrives on batter's greed.

"I've never caught a no-hitter," he continued. "I began thinking about it in the fifth inning. Rick didn't show any emotion but I guess he gets excited in his own way."

(UPI, AP)

NBC Puts Lights Out On Cubs

The Associated Press

CHICAGO — NBC has succeeded in turning night into day at Wrigley Field — and it is an ironic twist considering that network television lobbied long and hard for installing lights at the ball park.

NBC Sports, exercising provisions in its contract with major league baseball, ordered the Chicago Cubs on Tuesday to change the starting time of their May 27 game against the Cincinnati Reds from 7:05 P.M. to 1:20 P.M. in order to broadcast the game nationally.

Don Grenesko, the Cubs' president, said he tried to talk NBC officials out of making the switch because of concern for fans.

"We regret the inconvenience and problems this will create for everyone involved," said Grenesko. "It's an unfortunate situation we cannot control, and we sincerely apologize to our fans."

Grenesko said the Saturday night game was a sellout. He said the Cubs were "trying to get the information out" about the change "to as many people as possible."

The game could be significant to NBC because it is the first network baseball date after Pete Rose, the Cincinnati manager, has his meeting with the baseball commissioner, A. Bartlett Giamatti, to discuss allegations about his gambling on baseball games.

An NBC spokesman said the network "regrets any inconvenience caused by our decision to add the May 27 Reds-Cubs game to our 'Game of the Week' telecast schedule."

"Our intent is to provide our viewers with the most important game possible," the spokesman said.

He said that under its contract with major league baseball the network is entitled to exercise a limited number of schedule changes.

Grenesko said the change came about because an April 8 game against the Pittsburgh Pirates could not be televised, it having been canceled after a lengthy rain delay. The network's contract allows NBC to televise as many as four Cubs home games on Saturday afternoons.

So NBC has taken away one of the 18 night games allowed this season under a city ordinance. Grenesko said another night game would not be scheduled.

The Underachiever All-Stars

New York Times Service

NEW YORK — Official voting for the National and American League all-star teams has begun, and the ballots for those teams contain the names of all the players who qualify for a special all-star team — players hitting under .200. Because they qualify for this special team they do not figure to make it to Anaheim, California, for the real All-Star Game in July.

Listed below are the National League and American League all-star teams made up strictly of starting players who are hitting under .200. That there are enough such players to stock an all-star team in each league doesn't say much for the caliber of present-day regular major league players. The pitchers, after all, are not that terrific.

The New York Mets and the Los Angeles Dodgers have three players each on the 13-man National League team. The New York Yankees, the Seattle Mariners and the Detroit Tigers have two each who qualify for the 13-man American League squad, although one has just been sent to the minor leagues for a remedial course in hitting.

NATIONAL LEAGUE

First base: Jack Clark, San Diego .197.
Second: Ron Oester, Cincinnati .183; Gregg Jefferies, Mets .198.
Shortstop: Shawon Dunston, Chicago .161; Alfredo Griffin, Dodgers .188.
Third: Ron Gant, Atlanta .180; Vance Law, Chicago .189; Jeff Hamilton, Dodgers .193.
Left field: Carmelo Martinez, San Diego .182.
Center: John Shelby, Los Angeles .169.
Right: Mookie Wilson, Mets .186.
Catcher: Gary Carter, Mets .114; Jody Davis, Atlanta .183.

AMERICAN LEAGUE

First base: Torey Lovullo, Detroit .115; Greg Walker, Chicago .192.
Second: Jim Gantner, Milwaukee .198.
Shortstop: Omar Vizquel, Seattle .179.
Third: Mike Pagliarulo, Yankees .169; Jack Howell, California .192.
Left field: Fred Lynn, Detroit .196.
Center: Lloyd Moseby, Toronto .176; Willie Wilson, Kansas City .186.
Right: Jesse Barfield, Yankees .187, Mickey Brantley, Seattle .165.
Catcher: Rich Gedman, Boston .193.
Designated hitter: Larry Sheets, Baltimore .194.

Any of these players could, at any time, forfeit his spot here by raising his averages above .200. And, other players could qualify for the team by having their averages drop under .200.

BOOKS

WILLIAM FAULKNER: American Writer

By Frederick R. Karl. 1,131 pages. $37.50. Weidenfeld & Nicolson, 10 East 53d Street, New York, N.Y. 10022.

Reviewed by Louis D. Rubin Jr.

THE seeming gap between the furious complexity of William Faulkner's novels and the personality of the shy, soft-voiced little man who wrote them has always constituted something of a puzzle to many people, apparently including Faulkner himself. Now comes Frederick Karl with a literary biography aimed at ending the puzzle. "William Faulkner: American Writer" is audacious, relentlessly interpretative, psychologically astute, opinionated, sometimes wrongheaded, and in major respects equal to the complexity of its subject.

The novelist who emerges from this densely reasoned study is worthy of the books he wrote, and one can scarcely ask more than that of a literary biography. Little or nothing that Faulkner ever wrote or said or did is chronicled without commentary as Karl shapes his developing interpretation of Faulkner's personality.

This book recognizes just how intensely driven a human being Faulkner was, pursued by demons, striving to give voice and form to the contradictions, emotional urges and compulsions within his life. I don't think anyone has ever given proper weight to the demonic aspect of the man before.

At times Karl is too relentless in pursuing parallels between the life and the art; the extent to which he sees, for example, Faulkner's relations with his wife, Estelle, as being mirrored in almost every dramatic situation in the fiction sometimes becomes pretty far-fetched.

One of the best things about his biography is the treatment of Faulkner's involvement with Hollywood and script writing. Karl is unwilling to accept the conventional view that the novelist's years of writing for the movies were the result of economic necessity alone, and that they required time and energy that might otherwise and more profitably have been invested in writing fiction.

Protest though Faulkner did over the need for his servitude to Hollywood, the stints there provided him with a means of escape from Oxford, Mississippi, and his domestic situation, Karl insists, and he was able to do some of his best writing while thus employed.

At the same time, the involvement in the movies is presented as ultimately and permanently damaging to Faulkner's art, because he began to conceive of his fiction in terms of messages and admonitions to his audience. Just about everything that Faulkner wrote from the mid-1940s onward is weakened by such concerns.

Where Karl's biography gets into trouble is in his failure to understand Faulkner's relationship to Mississippi and the South. He depicts Faulkner as if he were a genius who found himself, bizarrely and unaccountably, set down to grow up in the worst possible place for a writer. He is quick to attribute the novelist's shortcomings to his place of origin, but apparently he will accept no relationship between Faulkner's strengths and his cultural heritage.

Karl makes a pejorative distinction between being an "American" and a "Southern" writer, as when he deplores Malcolm Cowley's emphasis on Faulkner's treatment of Southern experience in that critic's selection of material for "The Portable Faulkner":

"His reputation as a Southern writer was enhanced, but his Americanism was limited because of the emphasis on the Yoknapatawpha designation. Thus, Faulkner was perceived as a writer of brilliant short bursts, a regionalist rather than a full-scale American author, a novelist whose novels somehow are not representative of the entire nation."

What Karl has given us is a brilliant portrait of the inner life of our most illustrious 20th-century American writer as it shapes and figures his fiction. "William Faulkner: American Writer" is an impressive book.

Louis D. Rubin Jr., professor of English at the University of North Carolina at Chapel Hill, is the author of numerous books on American literature and history. He wrote this for The Washington Post.

BRIDGE

By Alan Truscott

CONGRESS went down to an honorable defeat in Washington last week. Playing against some giants of the corporate world with much greater bridge experience a group of Senators and Representatives lost by the narrow margin of 15 imps, 39 to 54. The captain of the winning team was Laurence A.Tisch, the president and chief executive of CBS. His team included James E. Cayne and Alan C. Greenberg, the president and chairman of the brokerage house of Bear Stearns & Company who have both won national championships. On the diagramed deal there was a cut-and-thrust battle between Cayne, South and Representative Howard C. Nielson, of Utah, East. Rep. Arlan Strangeland of Minnesota led a spade from the West side and the jack was allowed to win. The spade ace won the next trick, and clubs were attacked. South needed entries to dummy, and East wisely reefused to win the queen or the jack. But he had to take the 10 for fear of being endplayed, and returned a fourth round to dummy's king. South could not afford to cash the spade king at this point. Instead he finessed the diamond jack, hoping it would lose and leave him a diamond entry to the dummy. When it won he cashed the ace and discovered the bad break. But Cayne had the last word. He led a diamond, conceding two tricks to East. Nielson then had to lead from the heart king at the finish, allowing dummy to score the heart queen and the spade king. There was no profit for the corporate team, however: in the replay the same contract succeeded against a less testing defense.

NORTH
♠K74
♡Q5
♢Q852
♣K752

WEST
♠Q98532
♡J9842
♢4
♣8

EAST
♠J6
♡K73
♢K1083
♣A943

SOUTH (D)
♠A10
♡A106
♢AJ97
♣QJ106

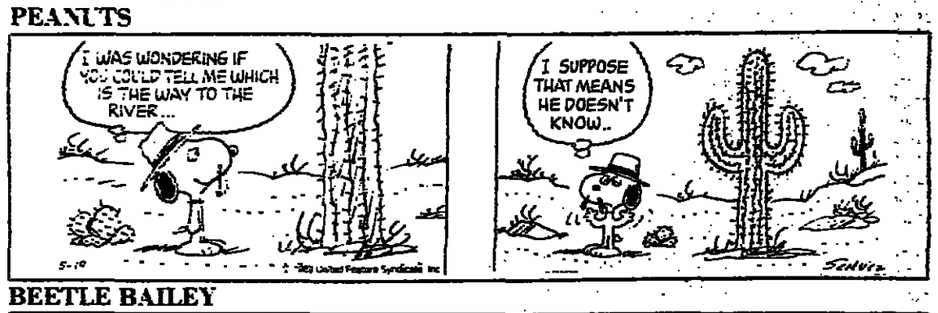
East and West were vulnerable.

The bidding:

South	West	North	East
1 N.T.	Pass	3 N.T.	Pass
Pass	Pass		

West led the spade five.

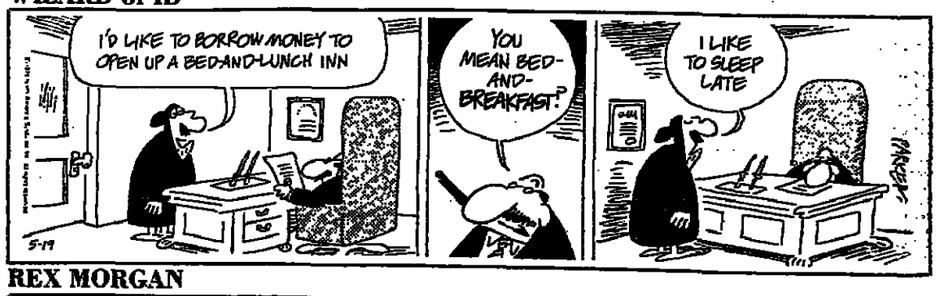
PEANUTS



BEETLE BAILEY

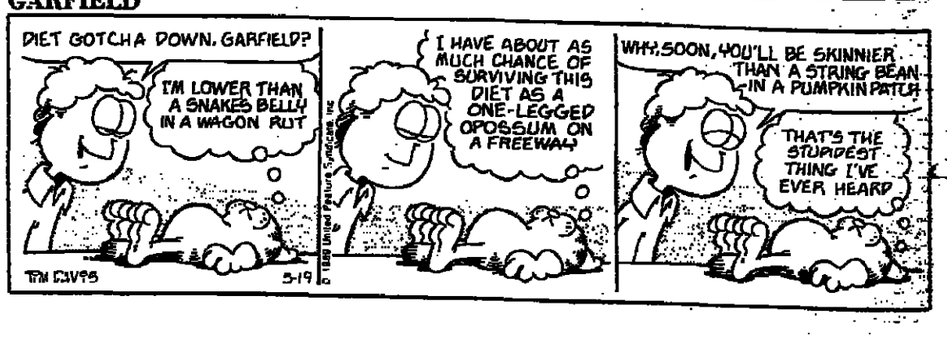
ANDY CAPP

WIZARD of ID



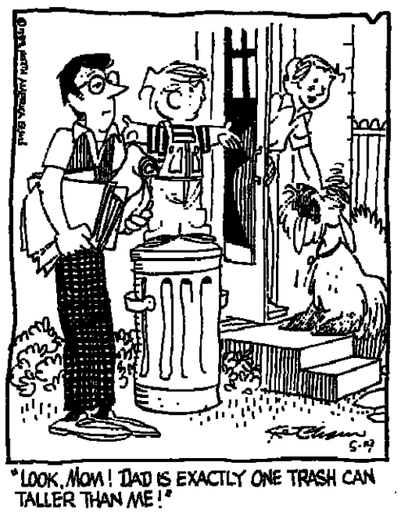
REX MORGAN

GARFIELD



DOONESBURY

DENNIS THE MENACE



"LOOK, MOM! DAD IS EXACTLY ONE TRASH CAN TALLER THAN ME!"

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

OUMES
SATTY
REGLED
PERRIM

WHAT THEY WERE AWARDED AT THE GRADUATION CEREMONIES AT DIVING SCHOOL.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: "____ - ____"

(Answers tomorrow)

Yesterday's Jumbles: CAPON TWINE WIZARD MOSQUE
Answer: Why pillows are so expensive—DOWN IS UP

BLONDIE

SPORTS

NBC Puts Lights Out On Cubs

The Associated Press

CHICAGO — NBC ... ceeded in turning night into ... Wrigley Field — and it is a ... twist considering that network ... vision lobbied long and ... installing lights at the ball ... NBC Sports, exercising ... sions in its contract with ... league baseball, ordered the ... go Cubs on Tuesday to change ... starting time of their May ... against the Cincinnati Reds ... 7:05 P.M. to 1:20 P.M. in order ... broadcast the game nationally.

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The Dutch: Basketball Gold Mine

New York Times Service

NEW YORK — The search for gifted 7-foot athletes usually leads college basketball coaches to the high school gymnasiums and playgrounds of New York, Washington, D.C., Chicago and Los Angeles.

But Dave Magarity, the coach of Marist College in Poughkeepsie, New York, favors the Netherlands.

The country that gave Marist College Rik Smits, the 7-foot, 4-inch (2.2-meter) center from Eindhoven who this season made the National Basketball Association's all-rookie team as a player for the Indiana Pacers, has provided the school with another 7-footer.

Wilbert Den Ouden, a 7-foot-1, 210-pound (95-kilogram) center from Son en Breugel, signed with Marist three weeks ago and immediately drew comparisons to Smits, who led the Red Foxes of Marist to two appearances in the National Collegiate Athletic Association tournament before landing a $5.2 million contract as the lottery selection of the Pacers last June.

Den Ouden, 18, is thin, inexperienced and still uncomfortable with the game.

But so was Smits as a freshman, and Den Ouden has shown some of the traits that eventually made Smits a millionaire.

"His inside game is weak and he's a young, shy kid," Magarity said. "But he has a good shooting touch, he runs the floor and he has strong legs. I don't know how good he's going to be, but no one knew how good Rik was going to be, either."

Because the Big East Conference schools have a monopoly on the foremost high school talent in the Northeast of the United States, Magarity has chosen the Netherlands as an alternative.

He visited the country last month to scout Den Ouden, but also made contacts with several other young players. Magarity said he might sign a 6-foot-8 player from the Netherlands next month, and plans to pursue a 6-foot-11 player next year.

"I was amazed at the impact Rik has had in the country," Magarity said. "The people can't believe that in a soccer country like that, Rik is the highest paid athlete by playing basketball. As soon as word got out that a coach from Marist was around, people were all over."

However, Den Ouden, who averaged 12 points, 11 rebounds and four blocked shots last season for his club team, will have to score at least a 700 on the U.S. Scholastic Aptitude Test next month to be eligible to play as a freshman.

■ Dutch Recruit in Ohio

Wright State University announced Wednesday that it has recruited Mike Nahar, a center from the Netherlands, who is the first international basketball recruit in the school's history, The Associated Press reported from Dayton, Ohio.

A 6-foot-11 center from Alkmaar, Nahar has signed a national letter of intent and will play for the Wright State Raiders next season, said Ralph Underhill, the Wright State coach.

Nahar averaged 25.2 points and 11.8 rebounds per game last season for the Den Helder club team, which finished with a 21-1 record and won its league title, Wright State officials said. He also has played for the Dutch junior national team.

VANTAGE POINT/Tony Kornheiser

Mr. Bill's Gain May Be The Knicks' Major Loss

Washington Post Service

The most intriguing of the four National Basketball Association conference semifinal series continues to be that of Chicago versus New York, because it's the only one that continues. Detroit and the Los Angeles Lakers have swept their opponents, though they were discreet enough not to parade a broom along their opponents' courts like the wingooty Knicks did in Philadelphia, and Phoenix needed only five games to derail Golden State, the Little Engine That Couldn't Quite.

The focal point of the Knicks-Bulls series, justifiably, has been Michael Jordan, whose presence on the court is like Sinatra's on stage: you can't take your eyes off him. If you're a fan of the Bulls, you'd have to be encouraged by the fifth game, even though Chicago lost. Jordan got 38 points, but it was an unkempt 38; he rimmed a covey of open jumpers, and went 11:58 of the second period without scoring a point. Yet even without Jordan being Jordan, the Bulls still managed to be only a three-point shot away from tying the score in the last two minutes against a wounded lion of a team that won 26 in a row at home earlier this season. The Knicks can't play much better than they did. Jordan can.

The Knicks' coach, Rick Pitino, might have made the savviest of all postgame comments, when he said, "We can't keep worrying about Michael Jordan. We have to worry about the Knicks' offense."

Historically, Jordan ringing points up doesn't ensure a Chicago victory. When he gets 40 or more, the Bulls are 6-4 in the playoffs; when he gets 50 or more, they are 2-2. Basically even money. But the Knicks aren't losing just because of Jordan — they're losing because they've been beatedly defended. During the regular season they averaged 116.7 points, third best in the NBA. Through four playoff games against Chicago, that average was 101. The fifth game was the first time the Knicks didn't play incognito.

Reuters/UPI

It was with glee that the Knicks announced last summer that they'd traded Cartwright to the Bulls for Charles Oakley.

The one whose offense had lapsed most dramatically was Patrick Ewing. He averaged 22.7 points in the regular season, and 17 in the three playoff losses. After being compared to Rip Van Winkle, Ewing detonated for 32 in the fifth game. But the irony of the series is that while Jordan is the player of impact, the player of destiny has been the one guarding Ewing — "Pushing him, that's all I'm doing, just pushing him" — Bill (Would Someone Hand Me My Oil Can) Cartwright.

Yes, Mr. Bill.

The same Mr. Bill who labored long and drearily for the Knicks.

Mr. Bill was drafted by the Knicks in 1979, played for three winning teams in eight years, and came to symbolize the frustrations of the franchise. He played a soft center: a nice shooting touch but no banger. By the close of last season, everybody in New York had given up on him. Cartwright was ineffective at big forward, where he'd been posted after Ewing's arrival. His points (11.1) and rebounds (4.7) were dropping off the table. His fits-and-starts playing style resembled a cab trying to go up Sixth Avenue in rush hour.

So it was with glee, and the intoxicating scent of unbridled larceny, that the Knicks announced last summer that they'd traded Mr. Bill to Chicago for Charles Oakley. Not only had they dealt age for youth — Cartwright is 31, Oakley 25 — but they'd dumped an unwelcome player and brought in a bull of a rebounder. A steal? The Brinks job should have been so thorough.

All season long the trade still looked aces. Oakley's numbers (12.9 points, 10.5 rebounds) surpassed Mr. Bill's (12.4, 6.7), and Oakley was the significant addition as the Knicks vaulted from 38 victories to 52. But here in the playoffs, Mr. Bill has reopened debate by elevating his game beyond what anybody thought possible. He has been shoving Ewing off the low post, and entirely out of the paint. Ewing, consequently, is getting the ball out of his comfort zone and shooting from unpleasant distances. In the fifth game, Ewing, who most assuredly is a banger, was suddenly and stunningly dominant, particularly at the end of the game when it mattered most, scoring seven of the Knicks' last nine. But Mr. Bill had fouled out by then. And in the Knicks' three losses, Ewing had shot 43.8 percent; usually he shoots 56.7. Cartwright had averaged 16 points, one behind Ewing. They shouldn't be that close even if they shared a locker.

"Numbers don't mean a lot as far as I'm concerned," Cartwright said in his familiar, self-effacing husky whisper. "Are you helping your team? This is a team game."

It would be fun to report that a thin smile of vindication crossed his lips, but Cartwright remained expressionless. "I'm not into that anymore," he said. "It takes away from what I'm thinking about, which is winning games and having the possibility to do something I've never done before — play for the Eastern Conference championship." Now the smile appeared. "After that it's only one more step to the NBA championship."

Turning thoughtful again, Cartwright reviewed his tenure in New York with a surprising affection. Disdaining Byron's "sweet is revenge," for Bacon's "a man that studieth revenge keeps his own wounds green," Cartwright said, "My goal isn't for any revenge in New York. I established myself here. I became financially secure here. Now all my goals are about being on a successful team that has a chance of winning it all."

Canadiens Beat Flames, Tie Title Series

Chuck Stoody/The Associated Press

Mike McPhee, left, and his Montreal teammate Brian Skrudland rejoiced around Mike Vernon, the Calgary goalie, after the Canadiens scored the first goal in their Stanley Cup victory in Calgary.

Chelios Stars in 4-2 Victory

By Robert Fachet
Washington Post Service

CALGARY, Alberta — Third-period goals by Chris Chelios and Russ Courtnall, the second assisted by Chelios, brought the Montreal Canadiens back to life Wednesday night.

Badly outplayed in the second period, when they were outshot, 16-4, and saw a 2-0 lead disappear, the Canadiens regrouped for a 4-2 victory and evened the Stanley Cup final series at a game apiece.

The best-of-seven playoff for the National Hockey League championship resumes Friday in Montreal.

Chelios brought sudden quiet to the crowd of 20,062 with a blazing 45-foot (14-meter) slap shot at 8:01 of the third period. Less than two minutes later, Courtnall went top shelf from the left-wing circle for the power-play clincher.

In 1986, Montreal also won the second game after losing the opener in Calgary. The Canadiens won the next three games and their NHL-record 23d title.

"The teams are similar to the way they were a few years ago when we won it," Chelios said, but "the games can go either way. It just depends who works the hardest."

Will the final result be similar?

"We hope not," said Joe Mullen of the Flames. "We're trying not to think about it."

Just as they did Sunday, the Canadiens recorded an early goal. This time they made it stand up until the end of the first period.

Both goalies, Patrick Roy of Montreal and Mike Vernon of Calgary, had an excellent period. Roy turned aside eight shots, Vernon 10, and each made some quality saves.

Vernon foiled Stephane Richer McCrimmon was penalized for holding Shayne Corson.

McCrimmon had one second to serve when Vernon caught Courtnall's drive from the left-wing circle. That produced a face-off in which Montreal's Brian Skrudland outdrew Doug Gilmour. Mike McPhee passed the puck back to Larry Robinson, who sent a 55-

STANLEY CUP PLAYOFFS

footer down the slot and between the pads of Vernon, who view was screened by McPhee.

It was Robinson's second goal in as many games and his 25th career playoff goal.

But penalties soon put the Canadiens in a hole. Brent Gilchrist, who replaced Claude Lemieux in the lineup, was chased for cross checking and Theoren Fleury was wide on a good chance from the left-wing circle.

During a halt in play, Calgary's Hakan Loob apparently objected to a foul, throwing three straight gloved lefts at a Canadien. The next time play stopped, Loob bumped several Montreal players. When he skated up to Chelios, Chelios flattened him and was assessed a roughing penalty that left the Canadiens two men short for 16 seconds.

Roy made a big save on Loob as Gilchrist returned to the ice. During the rest of Chelios's penalty, the Flames came close. Gilmour, open at the right post, hit the side of the net, then Fleury rattled a post.

After falling behind, 2-0, in the second minute of the second period, the Flames took control and had a 2-2 tie at the second break.

When Dana Murzyn roughed McPhee along the boards, the Montreal power play struck quickly. Chelios came down the left wing and his backhand pass put Mike Keane in alone on the right side. Keane went too far, but slid the puck behind Vernon and through the crease to Bobby Smith, who hit an empty net from a tough angle at 1:55.

Another parade of Montreal penalties began with a hooking call on Gilchrist. The Flames applied strong pressure, but could not score. Roy blocked a drive by Al MacInnis and turned back Gilmour's rebound. Gilmour tried again, but his shot toward an apparently empty net struck Chelios's skate and caromed clear.

Then 16 seconds after Gilchrist returned, Joe Nieuwendyk put the Flames on the scoreboard. Roy, moving the puck along the boards, had Brian MacLellan cut it off and shove it to Nieuwendyk, who scored from the top of the circle.

During an elbowing penalty to Montreal's Petr Svoboda, Craig Ludwig slid across to smother Mullen's goal-mouth feed to Gilmour. Then Rob Ramage hit a post.

But when Skrudland was caught elbowing Nieuwendyk, the Canadiens' luck ran out. MacInnis lined a shot off the rear boards and the puck came out to Mullen, who shot the rebound off Roy's chest. Joel Otto escaped Ludwig's clutches to ram in the second rebound at 13:49.

It was only the fourth power-play goal yielded by Montreal in 63 playoff shortages.

For the period, the Flames outshot the Canadiens, 16-4.

Chelios broke the tie at 8:01 of the third period. Given skating room in center ice by Skrudland's backhand pass, Chelios crossed the blueline, veered toward the right-wing circle and lined a 45-footer past Vernon on the stick side.

Twelve seconds later, Gary Roberts threw Chelios down and Calgary paid for the penalty. Courtnall, given another chance, unloaded from the left wing circle and put the puck inside the far post, just under the crossbar at 9:35.

Delgado Is Accused of Bribing Soviet Rider in Tour of Spain

Reuter

Delgado: No money in envelope.

The Associated Press

PAMPLONA, Spain — The cycling team of Pedro Delgado, who won the Tour of Spain on Monday, is investigating accusations that Delgado paid off a Soviet rider who helped him win a critical leg of the 22-day race, a team official said Thursday.

Pedro Maria Alzueta of Team Reynolds said he was checking out Colombian press reports that Delgado passed an envelope containing $2,500 to Ivan Ivanov a day after Delgado rode the Soviet's back wheel to hold onto a slim lead over Fabio Parra of Colombia.

Delgado denied the charges on Spanish radio. He said the envelope did not contain money, but would not say what was inside it.

Any payoff would have violated the rules of professional cycling.

Parra finished second in the overall standings, 35 seconds behind Delgado, who won a tainted Tour de France last summer.

A Colombian television news program reportedly showed footage of Delgado handing Ivanov the envelope at the start of the final leg on Monday. A television commentator from another station said the envelope contained a $2,500 payoff.

Alzueta said Team Reynolds would find out whether the videotape existed. If so, he said, the team would investigate the charges.

Delgado told the radio station that the envelope held "other things," but that "I'm not going to say what they were because it's not worth it."

He added: "There were tons of television camaras and photographers around. If it had been money, I wouldn't have chosen such an inopportune moment to give it to him. Nothing happened."

During the Tour de France in July, it was revealed that Delgado, then the race's leader, had tested positive for probenicid, a drug used to mask anabolic steroids.

An international jury ruled out sanctions against Delgado because probenicid was not on the list of drugs banned by the International Cycling Union.

■ Rider's Test Shows Drugs

Martin Farfan of Colombia, who briefly led the Tour of Spain, twice tested positive for banned drugs during the race, the Spanish Cycling Federation said Thursday, Reuters reported from Madrid.

Farfan, who finished 15th overall, was found to have taken the banned stimulant Pemoline in tests on a setup from Bob Gainey and, on the play, Calgary's Brad after the 15th and 16th stages of the race, a federation spokesman said.

He said the federation was still considering what sanctions to impose on Farfan, the only rider to test positive during the tour.

The Colombian, 23, was one of the surprise stars of the 15th stage, a 23.8-kilometer (14.7-mile) mountain time-trial. He finished third and took a two-second lead in the overall standings, which he then lost to Delgado the following day.

He was tested after the 15th stage as one of the first three in the stage and after the 16th stage as the previous day's overall leader. The findings were not made public until a second analysis, requested by Farfan, was completed Wednesday.

Love of Soccer Leads to Jail

Reuters

NAPLES — Two years on the run have ended for Luigi Casella, because his love of soccer got the better of him.

Police said Thursday they had arrested Casella, a district boss of the Naples Mafia, or Camorra, on Wednesday night as he was watching Napoli win the UEFA Cup on television.

A passing officer spotted the wanted man through the window of a ground floor apartment as Casella watched the match with his girlfriend. Police surrounded the area and burst in to arrest Casella, who was armed with a pistol but did not resist.

Casella, 27, who has been convicted of numerous crimes, had been on the loose since 1987, when he was given a pass to leave jail for a few days.

Shoemaker, Scudamore Set For Showdown in England

Agence France-Presse

CHELTENHAM, England — Willie Shoemaker, the legend of American thoroughbred horse racing, and Peter Scudamore, the record-breaking British steeplechase jockey, are to go head-to-head in three races here June 11.

Shoemaker, the pint-sized rider who is retiring this year at age 57 after 40 years in the saddle, has accepted an offer from the Cheltenham track's manager, Edward Gillespie, for the showdown on the flat during his farewell tour of Europe.

It will be the first time that Sunday racing has been held in Britain, but there will be no betting or prize money. The races will aid the Save the Children Fund.

The choice of horses for the races has yet to be made, but Scudamore's trainer, Martin Pipe, has indicated that he would be willing to provide them.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Cleveland	18	19	.486	—
New York	18	20	.474	½
Boston	17	19	.472	½
Baltimore	16	19	.457	1
Milwaukee	16	21	.432	2
Toronto	14	25	.359	5
Detroit	13	24	.351	5
West Division				
California	26	13	.667	—
Oakland	26	13	.667	—
Kansas City	25	14	.641	1
Texas	20	16	.556	4½
Seattle	21	19	.525	5½
Minnesota	17	20	.459	8
Chicago	17	22	.436	9

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
New York	20	16	.556	—
Chicago	20	18	.526	1
St. Louis	19	18	.514	1½
Montreal	20	20	.500	2
Philadelphia	16	21	.432	4½
Pittsburgh	15	22	.405	5½
West Division				
Cincinnati	22	16	.579	—
San Francisco	21	18	.538	1½
Los Angeles	21	21	.500	3
Houston	19	19	.500	3
Los Angeles	18	18	.500	3
Atlanta	16	22	.450	5

Wednesday's Line Scores

AMERICAN LEAGUE

Baltimore 000 000 000—0 4 0
California 500 000 00x—5 9 1
Clemens, Lamp (3), Murphy (7), B.Stanley (8) and Cerone; Abbott and Parrish. W—Abbott, 3-3. L—Clemens, 5-2. HR—California, Parrish (3).

Cleveland 006 000 000—6 6 1
Toronto 000 001 011—3 5 0
Black, Skaddan (8), Orosco (8), D.Jones (8) and Allanson; Stieb, Bulce (3), Wills (7) and Brenly. W—Black, 3-5. L—Stieb, 3-3. Sv—D.Jones (7). HRs—Cleveland, Carter (4), Toronto, Felix (2).

Chicago 010 200 015—10 16 0
Detroit 121 000 300—7 16 0
Reuss, Pall (3), Patterson (5), Hillegas (9) and Karkovice, Merullo (8); Morris, Heaneman (8), Hernandez (8), R.Pena (9) and Heath. W—Patterson, 2-0. L—Hernandez, 1-1. Sv—Hillegas (1). HRs—Chicago, Calderon (4); Detroit, Whitaker (9), Heath 2 (2).

Kansas City 100 010 100 0—3 5 0
Minnesota 000 100 002 1—4 8 0
Leibrandt, Farr (7), Montgomery (10) and Macfarlane; A.Anderson, Berenguer (10) and Harper. W—Berenguer, 2-1. L—Farr, 0-2. HRs—Kansas City, Tartabull (4), Seitzer (6). Minnesota, Gaetti (6).

Baltimore 002 021 200—6 14 0
Texas 000 200 000—2 5 0
Schmidt, Williamson (8) and Tettleton; Haugh, Arasbers (5), McMurtry (6), Rogers (7), Russell (9) and Petralli. W—Schmidt, 2-4. L—Haugh, 2-5. HR—Baltimore, Tettleton (8).

Milwaukee 124 002 000—9 11 1
Seattle 300 011 010—6 14 0
Birkbeck, Crim (5), Plesac (8) and C.O'Brien; Bankhead, Je.Reed (3), Trout (7) and Valle. W—Crim, 3-2. L—Bankhead, 2-4. Sv—Plesac (7). HRs—Milwaukee, Molitor (5), Francona (1), C.O'Brien (1). Seattle, Cochrane (1).

New York 120 000 000—3 7 0
Oakland 030 200 02x—5 15 4
Dotson, McCullers (7) and Slaught; S.Davis, Nelson (6), Honeycutt (8), Eckersley (8) and Steinbach. W—S.Davis, 3-3. L—Dotson, 1-1. Sv—Eckersley (12). HRs—Oakland, Phillips (2), McGwire (9).

NATIONAL LEAGUE

Pittsburgh 000 200 100 0—4 6 0
Cincinnati 030 100 000 1—5 9 1
Smiley, Easley (6), Kipper (7), Landrum (9) and Ortiz, Prince (9); Rijo, Charlton (8), Dibble (9), Franco (10) and Diaz. W—Franco, 1-0. L—Landrum, 0-1. HR—Cincinnati, Roomes (1).

San Francisco 000 330 000—6 10 0
Philadelphia 000 000 000—0 1 2
Reuschel, Brantley (9) and Kennedy; K.Howell, Madrid (5) and Doulton. W—Reuschel, 7-2. L—K.Howell, 4-2.

San Diego 000 003 000—3 7 0
Montreal 100 200 002—5 6 2
Hurst, Grant (5), Davis (9), G.W.Harris (9), and Santiago; Perez, Hesketh (7), Gardner (9) and Fitzgerald. W—Grant, 1-1. L—Perez, 0-4. Sv—Harris (2). HR—San Diego, Nelson (1).

Los Angeles 002 001 000 1—4 7 1
New York 100 020 000 0—3 7 1
Valenzuela, Searage (7), A.Pena (8), J.Howell (10), and Scioscia. Dernosey (8); Darling, Myers (8), Aquilera (10) and Lyons. W—Pena, 2-2. L—Aquilera, 1-1. Sv—Howell (5). HRs—Los Angeles, M.Davis (1). New York, H.Johnson (9).

Atlanta 000 000 000—0 6 0
Chicago 130 000 00x—4 8 0
Z.Smith, Alvarez (7) and J.Davis; Pico, P.Perry (8) and Berryhill. W—Pico, 2-0. L—Smith, 1-6.

St. Louis 000 101 000—2 7 0
Houston 001 000 002—3 8 3
Magrane, Carpenter (9) and T.Pena; Deshaies, Andersen (9) and Bioske. W—Andersen, 1-0. L—Magrane, 3-3.

SOCCER

ENGLISH FIRST DIVISION

Arsenal 2, Wimbledon 2
Sheffield Wednesday 2, Norwich 2

HOCKEY

NHL Playoffs

WEDNESDAY'S RESULT

Montreal 1 1 2—4
Calgary 0 2 0—2
First period—1, Montreal, Robinson 2 (McPhee, Skrudland). 4:18. Penalties—McCrimmon, Cal (holding). 2:14; Gilchrist, Mon (cross-checking). 5:31; Chelios, Mon (roughing). 7:15; Corson, Mon (roughing). 16:48; Peplinski, Cal (roughing). 18:48; McPhee, Mon (unsportsmanlike conduct). 16:35; T.Hunter, Cal (unsportsmanlike conduct). 16:35; Corson, Mon (roughing). 20:00; Roberts, Cal (roughing). 20:00.
Second period—2, Montreal, Smith 9 (Keane, Chelios). 1:55 (pp). 3, Calgary, Nieuwendyk 10 (MacLellan). 5:14. 4, Calgary, Otto 5 (Mullen, MacInnis). 13:49 (pp). Penalties—Murzyn, Cal (roughing). 1:22; Gilchrist, Mon (hooking). 2:58; Svoboda, Mon (elbowing). 7:56; Skrudland, Mon (elbowing). 13:32; Murzyn, Cal (tripping). 16:07; Chelios, Mon (cross-checking). 18:18; McPhee, Mon (unsportsmanlike conduct). 19:48; MacLellan, Cal (unsportsmanlike conduct). 19:48.
Third period—5, Montreal, Chelios 4 (Skrudland, Svoboda). 8:01. 6, Montreal, Courtnall 7 (Chelios, Svoboda). 9:35 (pp). Penalties—T.Hunter, Cal (holding). 2:31; Keane, Mon (holding). 3:11; Roberts, Cal (holding). 8:13; Nastuk, Mon (elbowing). 11:27; Nieuwendyk, Cal (roughing). 13:19; Chelios, Mon (roughing). 13:19.
Shots on goal: Montreal (on Vernon) 11-4-8—23; Calgary (on Roy) 8-16-8—32.
Power-play opportunities: Montreal 2 of 5; Calgary 1 of 8.

STANLEY CUP FINAL

Calgary 2, Montreal 2
Montreal 4, Calgary 2
(series tied, 1-1)
May 19: Calgary at Montreal
May 21: Calgary at Montreal
May 23: Montreal at Calgary
x-May 25: Calgary at Montreal
x-May 28: Montreal at Calgary
(x-if necessary)

BASKETBALL

NBA Playoffs

CONFERENCE SEMIFINALS
(Best of 7)
EASTERN CONFERENCE

Detroit 85, Milwaukee 80
Detroit 112, Milwaukee 92
Detroit 118, Milwaukee 90
Detroit 96, Milwaukee 94
(Detroit won series, 4-0)
Chicago vs. New York
Chicago 120, New York 109, OT
New York 114, Chicago 97
Chicago 111, New York 88
Chicago 106, New York 93
New York 121, Chicago 114
(Chicago leads series, 3-2)
May 19: New York at Chicago
x-May 21: Chicago at New York

WESTERN CONFERENCE

L.A. Lakers 113, Seattle 102
L.A. Lakers 130, Seattle 108
L.A. Lakers 91, Seattle 86
L.A. Lakers 97, Seattle 95
(L.A. Lakers won series, 4-0)
Phoenix 130, Golden State 103
Golden State 127, Phoenix 122
Phoenix 113, Golden State 104
Phoenix 135, Golden State 99
Phoenix 116, Golden State 104
(Phoenix won series, 4-1)

CONFERENCE FINALS
(Best of 7)
Western Conference
Phoenix vs. L.A. Lakers
May 20: Phoenix at L.A. Lakers
May 23: Phoenix at L.A. Lakers
May 26: L.A. Lakers at Phoenix
May 28: L.A. Lakers at Phoenix
x-May 30: Phoenix at L.A. Lakers
x-June 1: L.A. Lakers at Phoenix
x-June 3 or June 4: Phoenix at L.A. Lakers
(x-if necessary)

TENNIS

Italian Open

Third Round

Mark Koevermans, Netherlands, def. Diego Nargiso, Italy, 6-3, 4-6, 6-1; Jordi Arrese, Spain, def. Darren Cahill (10), Australia, 3-6, 6-3, 7-5; Sergi Bruguera, Spain, def. Jimmy Connors (5), U.S., 6-1, 6-1; Omar Camporese, Italy, def. Jaime Yzaga (13), Peru, 6-3, 6-4.
Andre Agassi (10), U.S., led Leonardo Lavalle, Mexico, 6-3 (delayed, rain). Guillermo Perez-Roldan (8), Argentina, led Jim Courier, U.S., 6-1, 6-7 (3-7), 3-1 (delayed, rain).

TRANSITION

BASEBALL
National League

PHILADELPHIA—Recalled Bob Sebra, pitcher, from Scranton-Wilkes-Barre, International League. Sent Todd Frohwirth, pitcher, to Scranton.
SAN FRANCISCO—Put Chris Seefer, infielder, on 15-day disabled list, retroactive to May 13. Called up Greg Minton, infielder, from Phoenix, Pacific Coast League.

FOOTBALL
National Football League

N.Y. JETS—Waived Bob Mason, linebacker.
PHILADELPHIA—Released Raynell Young, cornerback.

Liverpool-Everton Cup Final Puts Top Goalies in Spotlight

Reuters

LONDON — Two of English soccer's best loved characters and finest goalkeepers will be in opposition at Wembley Stadium on Saturday when Merseyside rivals Everton and Liverpool meet in the Football Association Cup final.

Neville Southall, a Welsh international who shuns publicity and is widely considered the first division's scruffiest player, will be stationed between the posts for Everton.

Bruce Grobbelaar, a Zimbabwean international who has fought as a soldier in the African bush and has a reputation as a sartorially elegant showman, will be at Liverpool's end of the field.

They are respected as outstanding goalkeepers — Southall for his athleticism, strength and mastery of angles, and Grobbelaar for his spectacular agility and unorthodox domination of his penalty area. Both are enormously popular with the fans. On Saturday, they will have the opportunity to display their contrasting skills on the most glamorous stage provided by the English soccer calendar.

Liverpool will be seeking the first half of an unprecedented second English league and FA Cup double in a cup final that has come to be regarded as a memorial to the 95 fans crushed to death at the Liverpool-Nottingham Forest cup semifinal in Sheffield on April 15.

The defending English league champions, winners of the double in 1986, would be the first club to perform the feat twice if they win Saturday and then seal a record 18th league title next week. The double has been achieved only three times this century — by Tottenham in 1961, Arsenal in 1971 and Liverpool in 1986 — and only five times since the English Football League was formed in 1888.

The fact that Everton is Liverpool's opponent adds to the poignancy of what is sure to be an emotional occasion. The only previous meeting of the teams in a FA Cup final came in 1986.

"You cannot pick and choose your opponents, but if we could have chosen, it would have been Everton," said Kenny Dalglish, the Liverpool manager. "They have made their own contribution to the city of Liverpool. They have helped a lot of people."

Officials at Wembley Stadium are worried, however, that crowd control could be undermined by fans bribing their way into the ground without tickets, the Times of London reported Thursday.

The fears followed the arrest of two turnstile operators for accepting money instead of tickets at a World Cup qualifying match between England and Albania last month.

"Every stadium in the country has the same problem of a 20-pound note looking suspiciously like a ticket to some people," Brian Wolfson, the chairman of Wembley Stadium, was quoted as saying.

In Liverpool, some £8 ($13) tickets, for standing room only, have reportedly been going for £100.

SIDELINES

Connors Upset in Italian Open Tennis

ROME (AP) — Unseeded Sergi Bruguera of Spain ousted fifth-seeded Jimmy Connors, 6-1, 6-1, in Thursday's third round of the Italian Open men's tennis championships.

Connors, 37, was no match for the hard-hitting 18-year-old Spaniard, who took just under an hour to pull off his second upset of the tournament: In the first round, the 85th-ranked Bruguera ousted No. 13 seed Andres Gomez of Ecuador.

Unseeded Mark Koevermans of the Netherlands and Jordi Arrese of Spain also registered upsets Thursday *(see Scoreboard)*. Arrese beat 10th-seeded Darren Cahill of Australia, having reached the third round by upsetting No. 7 seed Aaron Krickstein on Wednesday. Koevermans beat Italy's Diego Nargiso; the Dutchman, who upset No. 3 seed Kent Carlsson of Sweden in the first round, will play Bruguera in the quarterfinals.

Sunday Silence Is Fit for Preakness

BALTIMORE (AP) — Nine horses were entered Thursday for the Preakness, and trainer Charlie Whittingham said his Kentucky Derby winner, Sunday Silence, was fully recovered from a sore right forefoot that cost him two days of training earlier this week.

After Sunday Silence worked a quick half-mile, Whittingham said the two days of training lost would be no problem.

For the Record

Keith Hernandez, the first baseman of the New York Mets, was diagnosed Thursday as having a fractured right kneecap and will be sidelined about eight weeks. *(AP)*

Danny Sullivan, who broke his right forearm and suffered a concussion in a crash during a May 11 practice run for the Indianapolis 500, received medical clearance from race officials to resume driving Thursday. *(AP)*

David D. Shumacher, a free-lance writer who said he has a copy of baseball's confidential report on Pete Rose, said that on the advice of his attorneys he would sell not it. Shumacher wrote the two-part story for Penthouse magazine based on interviews with Margo Adams, the former lover of Boston Red Sox third baseman Wade Boggs. *(AP)*

Carlos De Leon of Puerto Rico won the vacant WBC cruiserweight title for a record fourth time when he stopped the former European champion, Sammy Reeson of England, in the ninth round in London. *(AFP)*

Bob Probert, the former Detroit Red Wings forward indicted for smuggling cocaine, had his driver's license, and telephone and visitor privileges, taken away by a judge for sneaking out to drink with two teenagers at the substance abuse clinic where he is being treated. *(UPI)*

Dr. Jamie Astaphan, Ben Johnson's personal physician, has arrived in Canada from the Caribbean island of St. Kitts and is ready to testify before a federal inquiry on drugs in sports, possibly next week, his lawyer said Wednesday in Toronto. *(AP)*

OBSERVER

Lust for Art Auctions

New York

Dear Anna:

Yes, it is unjust that the dead Picasso's self-portrait fetches $47.9 million while my own little — let us not call them newspaper columns — *feuilletons*, rather, bring in scarcely enough to support our occasional weekends at Asbury Park.

But do not encourage me to self-pity. Of course the *feuilleton* is art, just as the oil painting, Louis Quinze chair and newly discovered Mozart manuscript are art.

I do not weep because the world fails to see an art that is right under its nose, for the *feuilleton's* day is coming.

Yes, dearest Anna, one day the *feuilleton* will be recognized as art. Then manuscripts of my little creations will topple records at auctions peopled by the richest *feuilleton* collectors Japan and Switzerland can produce.

□

When that day will come I cannot tell you with any exactitude, my love. I fear it will not be until people learn how to pronounce "*feuilleton*," for — think, my precious — what person so rich that money is nothing more to him than neat piles of junk wants to be known as a collector of something he cannot pronounce?

Yes, I hear your dulcet voice chiding me for using the masculine pronouns "him" and "he" for referring to the "what person" in my rhetorical question. As I told you that night when you came to the window at Dover Beach. I am, alas, an incurable grammatical sexist.

Let me confess, and only to you, my passion, that this mark of the archaic male oppressor's prose brutality is deliberately preserved in my *feuilletons* to provide art scholars of the future with subject matter for their lectures: "The *Feuilletonist's* Genius: Rooted in Social Perversity?"

Do not call me cynical, Anna. Is it cynical to make posterity believe, when my art is finally recognized, that my life was more interesting than it really was?

By then, I shall have been long dead. No doubt of that, my dear Anna, my earth's delight, so please, do not sob when I say so.

Take comfort as I take comfort from knowing that after I am gone my *feuilletons* will be knocked down at auction for prices that could have bought us islands in the Aegean.

No, Anna, we shall have no Aegean isle to call our own in this life, but we will always have that night at Dover Beach in Delaware, we'll always have Asbury Park.

□

Did you note, dearest one, that besides the $47.9 million paid for the Picasso somebody paid $24.2 million for a canvas that Gaugnin painted in Tahiti?

This, and the fact that $53.9 million was recently paid for a van Gogh, confirms my belief that my surest path to record-toppling post-mortem money is to have Irving Stone write a popular best seller about me.

What were Gauguin and van Gogh worth at auction before Stone wrote them up in "Lust for Life"? Peanuts, figuratively speaking.

Then of course, there was the movie version with Kirk Douglas as van Gogh and the movie of Somerset Maugham's "The Moon and Sixpence" with George Sanders as Gauguin painting nude girls in Tahiti.

My one regret about the *feuilleton's* not getting its artistic due until I'm gone is that Burt Lancaster will probably be too old to play me.

Darling Anna, imagine the inadequacy of Tom Hanks as the brilliant *feuilletonist*, exquisitely cruel lover of the many women he needs to fire his creations of the century's most brilliant *feuilletons*. The part calls for a young Mastroianni.

□

For movie purposes, I must live as romantically as arthritis will permit in these final years. This requires great effort, and you could help by not writing so angrily about my taking other women to Asbury Park.

Though I do not love them, I need them to complete the portrait of *feuilletonist* as rat with women, thus assuring my post-mortem success in fictionalized biography, televised miniseries and big-budget movies, all so vital to my hopes for *toppling art-auction records.*

If, however, you insist on walking out of my life — a great scene for both book and film, incidentally — would you, because of all we have meant to each other, be good enough to ask some of the women at your office if they would like to figure prominently sometime in art history?

Passionately yours, etc.
Russell Baker

New York Times Service

Uncertain Times at Britain's Royal Ballet

By Terry Trucco
New York Times Service

LONDON — Anthony Dowell, the longtime premier danseur of Britain's Royal Ballet, sat in his modest office at the Royal Opera House, a leg gracefully stretched across a chair, and summed up how his life has changed since he became artistic director of the company nearly three years ago.

"My head is on the block all the time," he said, taking a sip of coffee. His remark reflected the fact that these are uncertain times for the Royal Ballet, Britain's best-known classical dance company. Long viewed as one of the finest ballet companies in the world, the Royal has been plagued for nearly a decade by artistic, financial and management problems.

The result, dance critics and others in the ballet world here say, has been a decline in the standard of dancing, the content of the company's repertory and the training young dancers receive at the Royal Ballet School.

"They haven't got a ballerina, they haven't got a premier danseur, and they've got the most boring, unadventurous programming," said Clement Crisp, dance critic for The Financial Times and librarian for the Royal Academy of Dancing.

The Royal is also playing to less traditional ballet audiences these days because of increased corporate sponsorship and rising seat prices. These changes have been one result of the Thatcher government's reduced financial support.

Evening orchestra seats at the Royal Opera House now cost £37, or about $60 (programs are £2 extra). Corporate sponsors, using ballet to entertain clients, are buying big blocks of seats.

Increased dependence on such audiences has influenced the repertory, with the familiar story ballets that sell tickets replacing more adventurous works. The Royal Ballet is not operating at a deficit, but Dowell said the company may have to schedule more such crowd-pleasers.

"I can't say I'm enthusiastic," said Kathrine Sorley Walker, dance critic for The Daily Telegraph and author of "Ninette de Valois: Idealist Without Illusions," a book about the company's founder. "There's very little in the repertory apart from 'Swan Lake' and 'Cinderella.' "

The season's bright spot so far has been the arrival of the French ballerina Sylvie Guillem, the star of the Paris Opéra Ballet, who recently signed a three-year contract as guest artist with the Royal. Though critics here voiced predictable concerns that she would take leading roles from British ballerinas, her performances with the Royal as Odette-Odile in "Swan Lake" won high praise.

Some people believe the company, which is planning to visit New York next year, is in transition and has been showing signs of improvement. Critics have cited several promising young performers, including Maria Almeida, Bruce Sansom and Viviana Durante.

"I'm hopeful," said Mary Clarke, dance critic of The Guardian, who also edits The Dancing Times. "I loved Dowell's 'Swan Lake,' which is as near as anyone has got to the original text. And the performance by the school last year was better. They began to look like the Royal Ballet School again."

But critics say it is still too early to evaluate the company's future or Dowell's performance as artistic director. "The potential is there to be great again," Crisp said. "But Dowell is caught between a millstone of declining audiences and declining funds."

Gemma Levine/Camera Press

Anthony Dowell (above) and the French ballerina Sylvie Guillem in "Swan Lake."

The Royal Ballet flourished under Ashton's artistic direction, particularly during the early 1960s, when Rudolf Nureyev and Margot Fonteyn formed their celebrated partnership. Critics say the company's classical standards and morale dipped sharply during the late '70s and early '80s.

"Dancers were neglected, and mistakes were made in what was brought into the repertory," said Edward Thorpe, dance critic for The Evening Standard. "Too many new works were brought in by inexperienced new choreographers."

The lack of new dancers to replace the previous generation of aging principals also caused problems. And a company policy, since reversed, against inviting guest artists put added pressures on the troupe.

"Norman had to make new principals, which upset the lower ranks," Dowell said. "People were coming out of the corps much sooner than usual, which meant the corps couldn't get a feeling of unity. My aim is to consolidate the corps."

At the same time, government money began to decrease, making the company more dependent on private support and box-office receipts. Government support for the Royal Opera House, which includes the Royal Ballet, dropped from almost 55 percent of the budget in the 1985-86 season to just over 40 percent this season.

Last season the company's audience averaged 89 percent of capacity, the highest this decade. But while performances of "Swan Lake" sell out weeks in advance, bills consisting of three one-act ballets do less well.

Dowell, who at age 46 still dances with the company on occasion, admits there are limitations to what he can accomplish as director.

"When you come into a big organization and a company that has been going for so many years, you can't steer the machine in a totally different direction," he said.

His chief priorities include nurturing new artists, improving the level of teaching at the school and raising the company's performance standards.

He seems most concerned about the performing abilities of the company's young dancers.

"I don't feel a sense of theater with the new generation," he said. "The gymnastic side has been emphasized, and many forget it's about performing, about letting the audience get lost in you."

One way to lure audiences and inspire the dancers is to import foreign talent, Dowell said, noting that working with Nureyev "spurred the learning process" early in his own career.

In addition to Guillem, whose performances have sold out weeks in advance, the Royal has invited Altynai Assylmuratova and Faruk Ruzimatov of the Kirov Ballet to perform in a new production of "La Bayadère."

"The job hasn't got any easier over these three seasons," Dowell added. "There are times when it all starts to drag me down. Then I see a performance and I think, there is some good stuff there."

PEOPLE

Prince Philip Compares Reagan to Churchill

Ronald Reagan's humor and defense of freedom were compared to those of Winston Churchill as the former president received an award named for Britain's wartime leader in Beverly Hills. "I think I would put personal charm at the top of the list" of common denominators between the two men, said Prince Philip, the husband of Queen Elizabeth II. Reagan said he was humbled by the award. Bob Hope, master of ceremonies at the gala evening, said: "This is an informal evening. The prince decided not to wear a crown. So did the Reagans."

□

The American Academy and Institute of Arts and Letters bestowed its highest award, the gold medal, on the writer Isaac Bashevis Singer and the sculptor Louise Bourgeois in a ceremony in New York. The artist Jasper Johns, the writer Mary McCarthy and the composer John Cage were inducted as members of the Academy, which is limited to 50 members. The academy's membership is elected from the 250-member institute.

□

The French singer Sacha Distel, 56, lost an appeal in Bourges against a conviction for injuries sustained by the actress Claude Nobel in a 1985 car accident. Distel was driving, and Nobel was permanently disfigured. Distel, who had appealed a December judgment, was even more heavily fined by the Bourges court. He was given a one-month suspended sentence, fined 10,000 francs ($1,500) and ordered to pay 500,000 francs in costs. In December, he was fined 3,000 francs.

□

Yakima High School, in Yakima, Washington, has dedicated a permanent display to honor the late writer Raymond Carver, one of its two graduates who did well nationally despite bleak outlooks as teenagers. Carter, who was graduated in 1956, died last year at the age of 50 of cancer. His critical acclaim came in the 1970s, but it was only in the 1980s that most of his books were published and the latest, "A New Path to the Waterfall," will be out soon. His works have been translated into 20 languages and are taught in American literature courses. The other Yakima High grad who did well is the former U.S. Supreme Court justice William O. Douglas.

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